

Official Statement

*Rim of the World
Unified School District
Educational Facilities Corporation
San Bernardino County, California*

\$5,625,000 Bonds, Series B

INSTITUTE OF GOVERNMENTAL
STUDIES

SEP 26 1977

UNIVERSITY OF CALIFORNIA

Bids to be received by the Corporation on Tuesday, October 11, 1977, at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

OFFICIAL STATEMENT
\$5,625,000 BONDS, SERIES B
RIM OF THE WORLD UNIFIED SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION

Gerald D. Miranda, *President*

Sharla J. Wright, *Vice President*

Jo Ann S. Baltimore, *Secretary*

David J. Roupe, *Treasurer*

A. Ray Lawrence, Jr., *Director*

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William H. Cavanaugh, *President*

Karen Cerwin, *Clerk*

Sam McCreery

Norah D. Casner

John R. Vitek

ADMINISTRATIVE STAFF

James N. Bernardy, *Superintendent*

Donald L. Venne, *Assistant Superintendent*

Ben F. Wilkin, *Administrative Assistant*

Robert Peterson, *Business Manager*

PROFESSIONAL SERVICES

Orrick, Herrington, Rowley & Sutcliffe, *San Francisco, California*
Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco, California*
Financing Consultants

Cashion-Horie Architects, Inc., *Pomona, California*
Architects

Bank of America N.T. & S.A., *Los Angeles, California*
Trustee

Bankers Trust Company, *New York, New York*
Paying Agent

Harris Trust and Savings Bank, *Chicago, Illinois*
Paying Agent

THE DATE OF THIS OFFICIAL STATEMENT IS SEPTEMBER 14, 1977

79 00599

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$5,625,000 principal amount of the Series B Bonds, proposed to be issued by the Rim of the World Unified School District Educational Facilities Corporation.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Corporation and the Rim of the World Unified School District (which firm will receive compensation from the Corporation contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Series B Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The agreements of the Corporation with the purchasers of the Bonds are set forth in the Indenture and the First Supplemental Indenture. Those documents will be available to any prospective investor in the Bonds. Reference is hereby made to those documents for a complete statement of the rights and obligations of the Corporation and holders of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Corporation to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The members of the governing board of the Rim of the World Unified School District have reviewed this Official Statement and have determined that as of the date hereof, to the best of their knowledge and belief, the Official Statement does not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Corporation will deliver to the purchaser of the Bonds a certificate of the District as to the above, dated the date of Bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds. 250 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose.

The opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, Bond Counsel to the Corporation, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections titled "Rim of the World Unified School District Educational Facilities Corporation" and "The Bonds".

Dated September 14, 1977

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION

INSTITUTE OF GOVERNMENTAL
STUDIES LIBRARY

SEP 26 2024

UNIVERSITY OF CALIFORNIA

SUMMARY OF ESSENTIAL FACTS AND ESTIMATES
RIM OF THE WORLD UNIFIED SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION
\$5,625,000 PRINCIPAL AMOUNT SERIES B BONDS

Issuer and Authority for Issuance: Rim of the World Unified School District Educational Facilities Corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code), an Indenture between the Corporation and Bank of America N.T. & S.A., as Trustee, and the First Supplemental Indenture between the Corporation and Bank of America N.T. & S.A., as Trustee.

Purpose of Issue: Finance the construction of additions to the existing Rim High School.

Issue of Bonds: \$5,625,000 principal amount of the Corporation's Series B Bonds, dated November 1, 1977 and maturing on August 1 as follows.

Maturity Date August 1	Principal Maturing	Maturity Date August 1	Principal Maturing
1980 ...	\$125,000	1991 ...	\$275,000
1981 ...	125,000	1992 ...	275,000
1982 ...	150,000	1993 ...	300,000
1983 ...	150,000	1994 ...	325,000
1984 ...	175,000	1995 ...	350,000
1985 ...	175,000	1996 ...	375,000
1986 ...	175,000	1997 ...	400,000
1987 ...	200,000	1998 ...	425,000
1988 ...	225,000	1999 ...	450,000
1989 ...	225,000	2000 ...	475,000
1990 ...	250,000		

Interest: Maximum rate not to exceed 8 percent per annum, payable for the first 3 months on February 1, 1978, and semiannually thereafter on each succeeding August 1 and February 1 of each year.

Time and Place of Sale: Tuesday, October 11, 1977 at 10:00 A.M. at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California.

Payment and Registration: Interest and principal payable at the Corporate Agency Division office of The Bank of America N.T. & S.A. in Los Angeles, California (the trustee), or in the case of coupon

bonds at the principal office of Bankers Trust Company, in New York, New York, or at the office of Harris Trust and Savings Bank in Chicago, Illinois.

Call Provisions: All bonds callable from proceeds of insurance or eminent domain on any date without premium. Bonds maturing on or before August 1, 1994 not otherwise callable. Bonds maturing on and after August 1, 1995 also callable on any interest payment date on or after August 1, 1989 at a maximum premium of 3 percent and at lesser premiums in subsequent years as specified in the Indenture.

Tax Exemption: In the opinion of Bond Counsel, interest on the Series B Bonds is exempt from all present federal and State of California personal income taxes.

Eligibility for Deposits of Public Monies and for National Banks. The Series B Bonds are eligible to secure deposits of public funds in California under Section 53651.5 of the California Government Code. It is believed the U.S. Comptroller of Currency will issue a ruling that the Series B Bonds are eligible for purchasing, dealing in, underwriting, and unlimited holding by national banks.

Blue Sky Memorandum: Information memorandum regarding applicability of blue-sky laws in all 50 states, District of Columbia, and Puerto Rico will be furnished to prospective purchasers.

Legal Opinion: Orrick, Herrington, Rowley & Sutcliffe, San Francisco.

Security: Payment of Bond interest and principal secured by a first and exclusive charge upon District base rental payments. Rental payments are general fund obligations and District covenants to budget and appropriate necessary funds each year.

District voters have approved a 73¢ per \$100 assessed valuation maximum annual tax rate increase over the period 1976/77 to 2000/2001 for the purposes of (1) preparing plans and specifications, and (2) leasing the Project to be constructed for District's use. Proceeds of the voter approved maximum tax rate increase may be used only to meet District rental obligations and other Project costs.

Bonds of Series A, in the principal amount of \$4,825,000, were sold on June 7, 1977 and were delivered on June 28, 1977. District's annual base rental obligation under the Facility Lease (Project Phase I) is \$407,235 payable in semiannual installments beginning January 15, 1980 and July 15, 1980 and each subsequent January 15 and July 15 through July 15, 2000. District is also obligated to pay additional rental not to exceed \$5,000 annually for Corporation's administrative costs. District's base rental and additional rental obligations are anticipated to be met by proceeds from voter-approved lease authorization tax.

Estimated District annual base rental obligation under the Facility Lease (Project Phase II) is \$520,200 payable in semiannual installments beginning January 15, 1980 and July 15, 1980 and each subsequent January 15 and July 15 through July 15, 2000. District is also obligated to pay additional rental not to exceed \$5,000 annually for Corporation's administrative costs. District's Project Phase II annual base rental and additional rental obligations are also anticipated to be met by proceeds from voter-approved lease authorization tax.

The estimated Project Phase II base rental is computed on the following assumptions: (1) actual Project Phase II construction costs as bid, (2) a bid of 7 percent per annum interest rate on the Series B Bonds issued to finance the construction of Project Phase II facilities, (3) funded interest during and for six months beyond the expected completion date of Project Phase II facilities, and (4) the funding of the bond service reserve equal to the estimated maximum annual debt service of the Series B Bonds.

Based on the 1977/78 assessed valuation (\$161,203,545) and a tax delinquency of 6% (three year average tax delinquency of 5.1% and a 1976/77 tax delinquency of 4.7%), the tax rate necessary to generate funds to meet the estimated annual rental payments (\$937,435, including additional rental) for Project Phases I and II facilities is 61.7¢ of the total voter approved 73¢ tax rate increase.

No other Series of Bonds will be issued pursuant to this 73¢ tax rate increase and lease authorization.

Other Protective Provisions Series B Bonds: (1) Reserve equal to maximum annual debt service created from bond proceeds; (2) interest funded from bond proceeds through August 1, 1979, approximately six months beyond the estimated date of occupancy for the additions to Rim High School; (3)

firm construction bids have been received and 100% faithful performance and 100% labor and materialmen's bonds will be provided; (4) insurance protection includes fire and extended coverage for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed \$100,000 for any one loss; earthquake insurance after completion, if such insurance is available at reasonable cost on the open market from reputable insurance companies, for not less than full replacement cost of the facilities or sufficient to pay Bonds, subject to a deductible clause not to exceed 10 percent of replacement cost for any one loss (the Corporation will provide this insurance with a 3% deductible during construction); rental interruption insurance equal to time required to construct structure plus three months, less a 30-day deductible; public liability and property damage insurance; and a policy of title insurance in the amount of the Bonds insuring the Corporation's interest in the site upon which the facilities are to be located.

District Financial Data: Five year history shows: (1) increase in average daily attendance from 2,927 to an estimated 3,849 in fiscal year 1977/78, (2) growth in assessed valuation from \$109,134,300 to \$161,203,545, (3) tax rates over a five-year period per \$100 assessed valuation ranged from a high of \$4.4374 (1976/77) to a low of \$3.3077 (1973/74), (4) current tax delinquencies averaged 4.7% in 1976/77.

The District: Located in the San Bernardino Mountains 75 miles east of Los Angeles and 18 miles from downtown San Bernardino. Population estimated at 17,000 people. A 1973 survey by Security Pacific Bank indicates the median home value was \$21,339 with the average family income being \$12,028.

Direct and Net Direct and Estimated Overlapping Debt. Upon delivery of the Corporation's Series B Bonds currently being offered for sale, the total of the Corporation's and District's direct debt will be \$11,280,000 or 7.00% of assessed valuation and 1.73% of estimated real value. Direct and estimated overlapping debt will be 21.26% and 5.25% of assessed valuation and estimated real value, respectively.

ALL OF THE TERMS OF THIS SUMMARY OF ESSENTIAL FACTS AND ESTIMATES ARE SUBJECT TO THIS OFFICIAL STATEMENT AND THE OFFICIAL NOTICE OF SALE OF THE BONDS.

CONTENTS

Rim of the World Unified School District		
Educational Facilities Corporation	1	
Organization and Membership	1	
Certain Powers of the Corporation	1	
Financing Procedures and Basic Legal Documents	1	
Site Lease (Project Phase II)	2	
Facility Lease (Project Phase II)	3	
The Bonds	5	
Authority for Issuance	5	
Terms of Sale	5	
Description of the Bonds	5	
Redemption Provisions	5	
Trustee and Paying Agents	6	
Form, Denomination, and Registration	6	
CUSIP Numbers	6	
Litigation	6	
Legal Opinion	6	
Tax Exempt Status	7	
Eligibility for Deposits of Public Moneys	7	
Eligibility for National Banks	7	
Sale of Bonds in California	7	
Resale of Bonds in Other States	7	
Purpose of Issue	7	
Security	7	
Additional Series of Bonds	9	
The Indenture	9	
Estimated Annual Bond Service	14	
The Project	15	
Project Phases	15	
Project Implementation	15	
District Organization and Financial Data	17	
Facilities and Attendance	17	
Assessed Valuations	17	
Revenue Limitations	19	
Tax Rates	19	
Tax Levies, Collections, and Delinquencies	20	
Large Taxpayers	20	
General Fund Income and Expenditures	20	
Fund Balances	23	
Employer-Employee Relations	23	
Pension Plans	23	
Bonded Indebtedness	24	
Direct and Estimated Overlapping Bonded Debt	24	
Other Indebtedness	25	
The Economy of the District	27	
Population and Housing Characteristics	27	
Employment and Income	28	
Construction Activity	29	
Commercial Activity	29	
Lake Arrowhead	31	
Education and Student Enrollment Growth	31	
Utilities and Growth in Services	32	
Transportation	33	
Community Facilities and Recreation	33	
San Bernardino Valley	35	
Employment	35	
Construction Activity	37	
Taxable Sales	37	
Agriculture	38	
TABLES		
Table 1. Series B Bonds—Principal Maturities	5	
Table 2. Estimated Annual Bond Service	14	
Table 3. Assessed Valuation and Average Daily Attendance	18	
Table 4. Assessed Valuations by Tax Roll	18	
Table 5. 1977/78 Assessed Valuation	18	
Table 6. Tax Rate Distribution by Purpose	19	
Table 7. Secured Tax Collections and Delinquencies	20	
Table 8. Summary of General Fund Income and Expenditures	21	
Table 9. General Fund Income and Expenditures 1976/77-1977/78	22	
Table 10. Statement of Direct and Estimated Overlapping Bonded Debt	26	



Lake Arrowhead located in the San Bernardino Mountains 75 miles east of Los Angeles and 18 miles from San Bernardino.

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION

Organization and Membership

The Rim of the World Unified School District Educational Facilities Corporation, herein referred to as the "Corporation", was formed on December 22, 1976, as a nonprofit corporation pursuant to the General Nonprofit Corporation Law of the State of California (Title 1, Division 2, Part 1, of the California Corporations Code). The purpose of the Corporation is to provide financial assistance to the Rim of the World Unified School District, San Bernardino County, California, herein referred to as the "District", by financing the acquisition, construction, improvement and remodeling of public school buildings and facilities for the District.

The Corporation functions as an independent entity and its policies are determined by a five-member Board of Directors who are community leaders and residents of the District. The corporate directors receive no compensation for work or service performed as corporation directors. All staff work is done by the district staff or by consultants to the Corporation since the Corporation has no employees.

The members of the Board of Directors are:

President: Gerald D. Miranda, general contractor and active participant in various local and school district committees.

Vice-President: Sharla J. Wright, active participant in local school district organizations and member School Bond Election Committee.

Treasurer: David J. Roupe, active participant in various local committees, member Data Processing Managers Association and former member Municipal Finance Officers Association.

Secretary: Jo Ann S. Baltimore, active participant in local school district committees, Board

Member of Lake Arrowhead Elementary School PTA.

Director: A. Ray Lawrence, Jr., active participant in school district and various local committees.

Certain Powers of the Corporation

The powers of the Corporation are vested in, and exercised by, a majority of its directors. Under its Articles of Incorporation, the Corporation has all powers conferred upon nonprofit corporations by the laws of the State of California including the following:

(a) To borrow money and issue bonds, debentures, notes and other evidences of indebtedness, and to secure the payment or performance of its obligations by pledge, mortgage, transfer in trust or otherwise;

(b) To acquire, by purchase, exchange, lease, gift, devise, bequest or otherwise, and to hold, improve, lease, sublease, mortgage, transfer in trust, encumber, exchange, convey or otherwise dispose of real and personal property; and

(c) To assume any obligations, enter into any contracts and other instruments and do any and all things incidental to or expedient for the attainment of its corporate purposes or the issuance and sale of its securities.

Financing Procedures and Basic Legal Documents

Lease Authorization Tax. On June 8, 1976 voters of the District, by a vote of 3,057 to 2,345 (56.6%) approved an increase of 73¢ per \$100 assessed valuation in the District's maximum tax rate over the period 1976/77 to 2000/2001 for the purposes of preparing plans and specifications and leasing the following furnished, equipped and landscaped school facilities: (1) Classroom and library additions to Valley of Enchantment Elementary School, (2) Classroom and library additions to Running Springs Elementary School, (3) Classroom and multi-use room additions to Lake Arrowhead Elementary School, (4) Classroom, activity resource room, multi-purpose gymnasium, shower and locker room, shop and art room additions to Mary P. Henck Intermediate School, (5) Classroom, resource room, gymnasium, shower and locker room, shop, science complex, homemaking and library additions to Rim High School.

Project Phase I. The Corporation has issued pursuant to an Indenture (herein called the "Indenture") dated as of June 1, 1977 between the Corporation and Bank of America N.T. & S.A., Los Angeles, California, as Trustee, Series A Bonds (dated June 1, 1977) in the principal amount of \$4,825,000 to finance construction of Project Phase I consisting of the facilities described above in items (1) through (4). The District's annual base rental under the Facility Lease (Project Phase I) is \$407,235 payable in semiannual installments beginning January 15, 1980 and July 15, 1980 and each succeeding January 15 and July 15 through July 15, 2000.

Project Phase II. Proceeds from the sale of the \$5,625,000 principal amount of the Corporation's Series B Bonds will be used to construct the facilities described above in item (5). These facilities, herein referred to as Project Phase II, and the application of proceeds from the sale of the Series B Bonds, are discussed in "The Project" section of this Official Statement.

The Project Phase II facilities will be constructed on a District-owned site that is to be leased to the Corporation pursuant to provisions of a site lease, the principal provisions of which are summarized under the "Site Lease (Project Phase II)" heading of this section of the Official Statement. The principal provisions of the "Site Lease (Project Phase II)" are substantially the same as the corresponding provisions of the "Site Lease (Project Phase I)" pursuant to which the District deeded the sites of Project Phase I to the Corporation, except for necessary changes.

The \$5,625,000 principal amount of the Corporation's Series B Bonds will be issued pursuant to the First Supplemental Indenture to be dated November 1, 1977 to the Indenture. The First Supplemental Indenture, approved as to preliminary form by the Corporation on September 14, 1977, will be executed prior to the delivery of the Series B Bonds. The Series B Bonds and a summary of certain provisions of the Indenture and the First Supplemental Indenture are discussed in "The Bonds" section of this Official Statement.

The Corporation will lease back to the District the Project Phase II site and facilities to be constructed thereon by the Corporation pursuant to provisions of a facility lease, the principal provisions of which are summarized under the "Facility Lease (Project Phase II)" heading of this section of the Official Statement. The principal provisions of the "Facility Lease (Project Phase II)" are substantially the same

as the corresponding provisions of the "Facility Lease (Project Phase I)," pursuant to which the Corporation leased Project Phase I to the District, except for necessary changes.

For complete details of provisions of the Indenture, the First Supplemental Indenture, the Site Lease (Project Phase II), and the Facility Lease (Project Phase II), prospective purchasers of the Bonds of Series B are referred to the text of the Indenture and of the Basic Legal documents accompanying this Official Statement.

Site Lease (Project Phase II)

The Site Lease (Project Phase II) (herein referred to as the "Site Lease") will be dated November 1, 1977 and will be executed prior to the delivery of the Series B Bonds.

Pursuant to the Site Lease, the District will lease to the Corporation, at an annual rate of \$1.00, the real property (Demised Premises) upon which the Project Phase II facilities are to be constructed. The Corporation shall use the Demised Premises solely for the purposes of: (1) constructing Project Phase II facilities thereon, and (2) leasing back to the District the Demised Premises and the facilities thereon pursuant to the Facility Lease (Project Phase II).

Term. The term of the Site Lease shall start on the date of its recordation in the office of the County Recorder of San Bernardino County, State of California, or on May 1, 1978, whichever is earlier. The term of the Site Lease shall end on January 1, 2001, unless earlier terminated or extended. If prior to January 1, 2001, all of the Series B Bonds shall have been retired, the Site Lease shall be terminated ten days thereafter (the final maturity of the Series B Bonds is August 1, 2000). If on December 31, 2000 all of the Series B Bonds shall not be fully paid and retired, or if the rental payable under the Facility Lease shall have been abated, then the term of the lease shall be extended until ten days after all bonds and other indebtedness of the Corporation incurred to finance the construction of Project Phase II shall be fully paid and retired, except that the term of the lease shall in no event be extended beyond January 1, 2006.

Title to Site. The District owns the site upon which the facilities are to be constructed.

Eminent Domain Proceedings. In the event all or any part of the Demised Premises or the Project Phase II improvements thereon are taken by eminent domain proceedings, the interest of the Corpora-

tion shall be recognized in the amount of the then unpaid indebtedness incurred by the Corporation to construct the Project Phase II facilities, including interest thereon and all other payments required to be made by, or to, the Trustee.

Termination and Disposition of Project. Upon the termination of the Site Lease, the Corporation agrees to surrender to the District the Demised Premises and title to the permanent structures and improvements existing thereon.

For additional details of the Site Lease, prospective purchasers of the Series B Bonds are referred to the complete text of the proposed form of Site Lease included in the Basic Legal Documents accompanying the distribution of this Official Statement.

Facility Lease (Project Phase II)

The Facility Lease (Project Phase II) (herein referred to as the "Facility Lease") will be dated November 1, 1977 and will be executed prior to the delivery of the Series B Bonds. The Corporation will lease to the District the Demised Premises and the Project Phase II facilities to be constructed thereon pursuant to provisions of the Facility Lease.

Term. The term of the Facility Lease shall start on the day of its recordation in the office of the County Recorder of San Bernardino County, State of California, or on May 1, 1978, whichever is earlier. The term of the Facility Lease shall end on December 31, 2000 unless earlier terminated or extended. If prior to December 31, 2000, all of the Series B Bonds shall have been retired, the Facility Lease shall terminate ten days thereafter (the final maturity of the Series B Bonds is August 1, 2000). If on December 31, 2000, the Series B Bonds have not been retired, the Facility Lease shall be extended until ten days after all Series B Bonds and any other indebtedness incurred to finance the construction of Project Phase II shall be fully paid and retired, except that the term of the Facility Lease shall in no event be extended beyond January 1, 2006.

Construction of Facilities. The District has obtained competitive bids for the construction of Project Phase II facilities at an aggregate cost of \$4,198,010. Concurrent with the execution, delivery and recordation of the Facility Lease, the Corporation will enter into a contract with the lowest responsible bidder for construction of the Project Phase II facilities in accordance with plans and

specifications previously approved by the District and the Office of the State Architect.

Commencement of Rental. It is contemplated that the District will take possession of the Demised Premises and Project Phase II on or before January 1, 1980 and the first semiannual payment of rental shall be due on January 15, 1980. The District may take possession of the Demised Premises and the Project Phase II facilities prior to January 1, 1980 if completed prior to that date. If for any reason the Corporation is not able to deliver possession of the Demised Premises and the Project Phase II facilities, or any part thereof, to the District by January 1, 1980, the Facility Lease shall not be void nor the Corporation be liable to the District for any resulting loss or damage; but in that event, the rental payable by the District shall be abated based on the proportion the construction cost of the incompleted portion or portions of the Project Phase II facilities bears to the total construction cost of the facilities.

Rental. Rental payable for the use and occupancy of the Demised Premises and the Project Phase II facilities is denominated "base rental" and "additional rental."

Base Rental. The District agrees to pay the Corporation a base rental, semiannually beginning on January 15, 1980, and each succeeding July 15 and January 15 up to and including July 15, 2000 unless the Facility Lease has been earlier terminated or extended. The amount of base rental shall be in a specified amount sufficient to meet payments of interest and principal on the Corporation's Series B Bonds as they become due. The actual base rental obligation of the District will be determined following the sale of the Series B Bonds.

Additional Rental. The District is also required to pay to the Corporation additional rental, in an amount not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to Project Phase II and the Corporation's Series B Bonds.

District Provision of Rental. The District covenants to include all base rental and additional rental payments in its annual budget and to make the necessary annual appropriations for all such payments. The Corporation and the Trustee will be furnished copies of each proposed and final budget of the District within ten days after the filing or adoption thereof.

Abatement of Rental. Rental shall be abated during any period in which there is substantial inter-

ference with the District's use and occupancy of the Demised Premises and the Project Phase II facilities due to damage or destruction. The abatement of District rental shall be based on the proportion of initial costs of the unusable portion or portions of the Project Phase II facilities to the total initial cost of Project Phase II facilities. In the event of any such damage or destruction, the lease shall continue in full force and effect and the District waives any right to terminate the lease by virtue of such damage or destruction.

Insurance. Except if such insurance is otherwise obtained by the Corporation or the construction contractor, the District is required to obtain and maintain throughout the term of the Facility Lease various insurance coverages including fire and extended coverage, earthquake (after completion of construction and if available at reasonable cost on the open market from reputable insurance companies), public liability and property damage, and rental or use and occupancy insurance. The various insurance coverages to be provided by the contractor and the District during construction are discussed in "The Project" section of this Official Statement. The major features of these types and amounts of insurance coverages are discussed under the heading "The Indenture" in "The Bonds" section of this Official Statement.

Maintenance, Utilities, Taxes and Assessments. The District shall be responsible for the maintenance and repair of the Demised Premises and Project Phase II while in possession, and shall pay or arrange for the payment of such costs, as well as utilities, and taxes and assessments throughout the term of the Facility Lease.

Eminent Domain Proceedings. In the event the Project Phase II facilities are permanently taken under the power of eminent domain, the Facility Lease shall terminate. In the event less than all of the Project Phase II facilities are taken under the

power of eminent domain or if the whole of the Project Phase II facilities are taken under the power of eminent domain temporarily, the Facility Lease shall continue in full force and there shall be a partial abatement of rental to be agreed upon by the District and the Corporation; however, in no event shall the rental payable by the District be less than the amount required for the retirement of the Series B Bonds and payment of interest thereon as such bonds and interest become due.

Option to Purchase. The District shall have the option to purchase the Corporation's interest in any part of the Project Phase II facilities upon payment of an option price equal to the aggregate amount for the entire remaining term of the lease of the part of the total rental attributable to such part of the Project Phase II facilities (determined by reference to the proportion which the construction cost of such part of the Project Phase II facilities bears to the construction cost of all of the Project Phase II facilities).

Default By District. Should the District default and fail to remedy any default, the Corporation has the right to terminate the Facility Lease and re-enter the premises, or without terminating the Facility Lease, re-enter and relet the Project Phase II facilities as the agent of and for the account of the District.

Termination and Disposition of Project. Upon termination of the Facility Lease, the Corporation agrees to surrender to the District the Demised Premises and title to permanent improvements thereon.

The foregoing summary discussion of selected features contained in the proposed form of Facility Lease are made subject to all of the provisions of the proposed form of Facility Lease. This summary does not purport to be a complete statement of such provisions and reference is made to the proposed form of Facility Lease which is included as part of the legal documents accompanying this Official Statement.

THE BONDS

Authority for Issuance

The \$5,625,000 principal amount of Rim of the World Unified School District Educational Facilities Corporation Bonds of Series B, herein referred to as the "Series B Bonds," are to be issued pursuant to the General Non-Profit Corporation Law of the State of California (Title 1, Division 2, Part 1 of the California Corporations Code), the Indenture, and the First Supplemental Indenture to be entered into between the Corporation and Bank of America N.T. & S.A., as Trustee. The Series B Bonds will be secured under provisions of the Indenture, a copy of which is included with the Basic Legal Documents which accompany the distribution of this Official Statement.

Terms of Sale

Bids for the purchase of the \$5,625,000 principal amount of the Series B Bonds will be received by the Corporation at 10:00 A.M., Tuesday, October 11, 1977, at the Conference Room of Stone & Youngberg Municipal Financing Consultants, Inc., Suite 2750, One California Street, San Francisco, California. Details of the terms of sale are included in the Official Notice of Sale adopted by the Board of Directors of the Corporation on September 14, 1977.

Description of the Bonds

The Series B Bonds will be dated November 1, 1977 and will bear interest, at a rate not to exceed 8 percent per annum, from their date, payable on February 1, 1978 and semiannually on each succeeding August 1 and February 1. The Series B Bonds will mature on August 1 in each of the years in the designated principal amounts as shown in Table 1.

Table 1

**RIM OF THE WORLD
UNIFIED SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION**

Series B Bonds

Principal Maturities

Maturity Date August 1	Principal Amount	Maturity Date August 1	Principal Amount
1980 ...	\$125,000	1991 ...	\$275,000
1981 ...	125,000	1992 ...	275,000
1982 ...	150,000	1993 ...	300,000
1983 ...	150,000	1994 ...	325,000
1984 ...	175,000	1995 ...	350,000
1985 ...	175,000	1996 ...	375,000
1986 ...	175,000	1997 ...	400,000
1987 ...	200,000	1998 ...	425,000
1988 ...	225,000	1999 ...	450,000
1989 ...	225,000	2000 ...	475,000
1990 ...	250,000		

Redemption Provisions

The Corporation shall have the right, on any date, to redeem the Series B Bonds, as a whole, or in part by lot within each maturity then outstanding so that the annual debt service for all years after such redemption shall be as nearly equal as practical, from proceeds of insurance paid for loss or substantial damage to the Project Phase II facilities or proceeds of eminent domain proceedings. Redemption shall be at the principal amount and accrued interest thereon to the date fixed for redemption, without premium.

Series B Bonds maturing on or before August 1, 1994, an aggregate principal amount of \$3,150,000, shall not otherwise be subject to redemption prior to their respective maturity dates.

Series B Bonds due on or after August 1, 1995, an aggregate principal amount of \$2,475,000 shall also be subject to redemption prior to their respective stated maturities, at the option of the Corporation, from any source of available funds, on any interest payment due on or after August 1, 1989.

Such Series B Bonds are callable at the principal amount, plus accrued interest plus a premium equal to: (a) one-fourth of one percent of said principal amount, plus (b) an additional one-fourth of one percent of said principal amount for each year or fraction of a year from the redemption date to the

maturity date of the bonds. All or a part of such Series B Bonds may be so redeemed at any one time. If less than all of said bonds are so redeemed at any one time, such bonds shall be redeemed in inverse order of maturities and by lot within a maturity.

Trustee and Paying Agents

The Bank of America N.T. & S.A., Los Angeles, California, has been appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and will disburse bond moneys in conformity with the Indenture. In addition to holding and administering the various funds of the Corporation, the Trustee will invest the funds held in trust and will be the recipient of the rental revenues of the Corporation relating to the Project. The Trustee will also act as Paying Agent of the Corporation, paying bond interest and principal. The Trustee will act as bond registrar and will authenticate all bonds.

Interest and principal are payable in lawful money of the United States of America at the office of the Corporate Agency Division of the Trustee, Bank of America N.T. & S.A., Los Angeles, California, and in the case of coupon bonds, at the option of the holder at the principal office of Bankers Trust Company, in New York, New York, or at the office of Harris Trust and Savings Bank in Chicago, Illinois.

Form, Denomination, and Registration

The Series B Bonds will be issued as coupon bonds in the denomination of \$5,000, or as fully registered bonds in the denomination of \$5,000 or any multiple thereof so long as principal shall mature in only one year. Coupon bonds and fully registered bonds will be interchangeable at the office of the Trustee as provided for in the Indenture.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Series B Bonds but neither failure to print such numbers on any Series B Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series B Bonds in accordance with the terms of the purchase contract.

Litigation

There is no litigation pending concerning the validity of the Series B Bonds, and the Corporation will furnish to the successful bidder a no-litigation certificate certifying to the foregoing at the time of the delivery of the Series B Bonds.

The present California system of levying taxes and applying funds for public school purposes has been

held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Legislation has been enacted by the California legislature in response to *Serrano v. Priest*. This legislation significantly increases the amount of state money supplied to public school districts having a low local property tax basis, and provides for some equalization of tax moneys by redistributing some tax revenues of school districts having a high per-pupil property tax basis to school districts having a low per-pupil property tax basis. As the District has a high per-pupil property tax basis, the legislation requires the redistribution of property tax revenues of the District to other California school districts. Furthermore, the District will not benefit from the increased state financial support to be provided to school districts. The bill does not affect tax rate increases approved by voters of school districts for the long term leasing of public school buildings.

It is likely that further litigation will result to determine whether the enacted legislation satisfies the constitutional requirement pronounced in *Serrano v. Priest*. Any further changes resulting from *Serrano v. Priest* in the sources of funds, including property taxation, applied to the support of public schools and any effect thereof on the moneys available to the District to pay rental under the facility leases which are the security on the Bonds are not determinable at this time. However, it is not believed that the result of any such further litigation will affect the validity of the facility leases during their terms, even though the result of such further litigation or further legislation enacted in response thereto may affect the ability of the District to levy the voted tax rate increase.

Legal Opinion

The legal opinion of Orrick, Herrington, Rowley & Sutcliffe, San Francisco, California, bond counsel

to the Corporation, approving the validity of the Series B Bonds, will be furnished to the purchasers without charge at the time of the original delivery of the Series B Bonds. A copy of the legal opinion will be printed on each bond. See the concluding paragraph of the "To Whom It May Concern" section of this Official Statement regarding the scope of bond counsel's employment concerning this Official Statement.

Bond counsel's fee is payable from the proceeds of the bonds and is contingent upon bond delivery, except if the bonds are not issued and the project is abandoned, bond counsel will receive a fee based upon the amount of work performed to said time of abandonment.

Tax Exempt Status

In the opinion of bond counsel, the interest on the bonds will be exempt from all present Federal income taxes under existing statutes, regulations, and court decisions, and the bonds will be exempt from all present taxation in California other than inheritance, estate, gift and franchise taxes.

Eligibility for Deposits of Public Moneys

The Series B Bonds are eligible for security for deposits of public moneys in California.

Eligibility for National Banks

A request is being made to the Comptroller of the Currency for a ruling that the Series B Bonds of the Corporation are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. The ruling is expected prior to the date of sale of the Series B Bonds.

Sale of Bonds in California

The Division of Corporation Finance of the United States Securities and Exchange Commission has issued a "no-action" letter to the Corporation stating that the Division of Corporation Finance will not recommend any action to the Securities and Exchange Commission if the proposed bond offering is made without prior compliance with the registration requirements of the Securities Act of 1933 or qualification of the Indenture under which the Series B Bonds are to be issued under the Trust Indenture Act of 1939. The Commissioner of Corporations of the State of California has issued an interpretive opinion stating that the Series B Bonds are exempt from the qualification requirement of Section 25110 of the California Corporate Securities Law of 1968. The Series B Bonds are being offered and sold without registration under the Securities Act of 1933 or

qualification of the Indenture under the Trust Indenture Act of 1939, and without qualification under the California Corporate Securities Law of 1968, in reliance upon such "no-action" letter and such interpretive opinion.

Resale of Bonds in Other States

The Corporation will furnish to prospective purchasers an information memorandum covering applicability of blue-sky laws in all 50 states, the District of Columbia and Puerto Rico. The memorandum will indicate states in which no action is believed necessary to qualify the Series B Bonds for offer and sale, states in which the Corporation is taking action to qualify the Series B Bonds for offer and sale or to obtain exemptions, and states in which additional action is believed necessary to qualify the Series B Bonds for offer and sale. The purchaser will assume responsibility for any required permits and/or filing fees in states in which additional action is believed necessary, and for complying with the laws of all jurisdictions on resale of the Series B Bonds, and shall indemnify and hold harmless the Corporation and its officers and directors from any loss or damage resulting from any failure to comply with any such law.

Purpose of Issue

The Series B Bonds are to be issued to finance the construction of additions to existing public school facilities at the present Rim High School ("Project Phase II"), all for lease to the Rim of the World Unified School District, San Bernardino County, California, as more fully described in "The Project" section of this Official Statement.

Security

The Series B Bonds will be valid, binding, and legal general obligations of the Corporation secured with the Series A Bonds under the Indenture by the assignment, transfer in trust, transfer of security interest in, and pledge of the trust estate, including the following, to the Bank of America N.T. & S.A., Los Angeles, California, as Trustee:

(1) The leasehold estate of the Corporation in real property under the two Site Leases (Project Phases I and II) between the District, as lessor, and the Corporation, as lessee;

(2) All rights, title, and interest of the Corporation under the two Facility Leases (Project Phases I and II) between the Corporation, as lessor, and the District, as lessee; and

(3) All of the revenues derived by the Corporation from the use and operation of the Project

Phases I and II to be constructed pursuant to the Site and Facility Leases.

Series A and B Bonds principal and interest coming due each year will be payable from semiannual base rental payments to be made by the District for use of the Project Phase I and II facilities. The District's annual base rental specified in the two Facility Leases will be in an amount sufficient to pay principal and interest on the Series A and Series B Bonds. Based on an estimated interest rate of 7% that may be bid on the Series B Bonds, the District's annual base rental under the Facility Lease (Project Phase II) would be \$520,200. The exact amount of the semiannual base rental payment payable by the District under the Facility Lease (Project Phase II) will be established subsequent to the determination of the interest rates the Series B Bonds will bear.

Under provisions of this Facility Lease, the District will also be obligated to pay to the Corporation additional rental, not to exceed \$5,000 annually, to meet administrative costs of the Corporation attributable to Series B Bonds.

Authorized District Tax Rate Increase. At an election held on June 8, 1976, voters of the District approved an increase of 73¢ per \$100 assessed valuation in the District's maximum annual tax rate over the period 1976/77 to 2000/2001 for the purposes of (1) preparing plans and specifications and (2) leasing public school facility additions at Valley of Enchantment Elementary School, Running Springs Elementary School, Lake Arrowhead Elementary School, Mary P. Henck Intermediate School and Rim High School.

The District levied 51.85¢ per \$100 assessed valuation of the authorized 73¢ per \$100 assessed valuation tax rate increase in 1976/77. The levy provided approximately \$692,483 in fiscal year 1976/77.

The District is levying 65.25¢ in 1977/78 and will levy a portion (amount to be decided by the District Board at a later date) of this authorized 73¢ per \$100 assessed valuation tax in fiscal year 1978/79, so as to provide an estimated additional \$1,317,517. The aggregate 1976/77 through 1978/79 levies will provide approximately \$2,010,000 to pay on a cash basis the cost of furniture and equipment, architect and planning fees, surveys, inspections, and various miscellaneous costs. (See "The Project" section of this Official Statement).

Projected Revenue Base. The District's Project Phase II annual base rental payable to the Corporation in semiannual installments beginning January 15, 1980 is estimated at \$520,200, assuming an

interest rate of 7 percent is bid on the Bonds of Series B.

The District's fixed annual base rental for Project Phase I will be \$407,235 payable to the Corporation in semiannual installments beginning January 15, 1980 and July 15, 1980. Additional rental, not to exceed \$10,000 annually, is also payable to the Corporation to meet administrative expenses of the Corporation pursuant to the Facility Leases (Project Phases I and II). Revenue derived from the District's lease authorization tax levied in fiscal year 1979/80 will be used to pay the January 15, 1980 and July 15, 1980 Project Phases I and II rental obligations. Revenues derived from subsequent fiscal year lease authorization tax levies will be used to pay subsequent January 15 and July 15 rental obligations up to and including July 15, 2000 in an amount sufficient to pay annual base rental and additional rental pursuant to the Facility Leases (Project Phases I and II).

Over the five-year period 1973/74 through 1977/78 the District's assessed valuation for revenue purposes increased from \$109,134,300 to \$161,203,545, or at an annual average increase of approximately \$13,017,311. If the District's assessed valuation for revenue purposes should increase at the rate of approximately 50 percent of the annual average increase experienced over the five-year period 1973/74 through 1977/78 (\$6,508,655), the District's projected assessed valuation for revenue purposes for the five-year period beginning in 1979/80 (the first year in which the lease authorization tax will be levied to pay Project Phase I and II rental obligations) would be as shown in the tabulation below. The 1977/78 assessed valuation of \$161,225,095 is used as the base year for computing this tabulation.

Fiscal Year	Projected Assessed Valuation for Revenue Purposes \$(1,000) ①
1979/80	\$174,220
1980/81	180,729
1981/82	187,238
1982/83	193,746
1983/84	200,255

① Based on an increase from 1977/78 assessed valuation for revenue purposes at the annual rate of \$6,508,655 or approximately 50% of the average annual increase in assessed valuation for revenue purposes experienced by the District from 1973/74 to 1977/78.

Projected Rental Tax Rate. As previously stated, the District is empowered to levy the lease authorization tax at a rate not to exceed 73¢ per \$100 assessed valuation over the period 1976/77 to 2000/2001. It is estimated that the annual rental for Project Phases I and II facilities will be \$937,435 consisting of \$927,435 (Project Phase I \$407,235 and Project Phase II \$520,200) base rental plus \$10,000 additional rental.

Based on the District's 1977/78 assessed valuation for revenue purposes (\$161,203,545) and a tax collection delinquency factor of 6.0 percent (three-year average of 5.1%), the voter-approved 73¢ per \$100 assessed valuation lease authorization tax would produce annual revenues of \$1,106,179 which is sufficient to pay the actual Project Phase I and estimated Project Phase II annual rental obligations of \$937,435. The total rental needed for Project Phase II is based on an estimated 7% bid on the Series B Bonds.

The first year in which the lease authorization tax will be levied to pay Project Phases I and II rental obligations will be 1979/80. The tabulation below shows the estimated portion of the 73¢ per \$100 assessed valuation lease authorization tax which would be required to generate funds to meet estimated annual rental payments for Project Phases I and II facilities.

The estimated rental is based on the following assumptions: (1) actual Project Phase II construction costs as bid, (2) an estimated bid of 7 percent per annum interest rate on Bonds issued to finance the construction of Project Phase II school facilities, (3) funded interest during and for six months beyond the expected completion date of the additions to Rim High School and (4) the funding of a reserve fund equal to estimated maximum annual debt service.

Additional Series of Bonds

The Corporation does not, at this time, plan to issue any series of bonds beyond the Series B Bonds. Additional parity bonds may be issued under the Indenture and would be equally and ratably secured under the Indenture with the Series A and B Bonds.

Bonds can only be issued to finance public school facilities for lease to the District. Under present law, a majority approving vote at an election in the District is required before the District can enter into additional lease(s).

The Indenture

The following summary of major provisions of the Indenture under which the Series B Bonds will be issued is presented below. The summary does not provide a complete and detailed description of all provisions of the Indenture and prospective purchasers of the Series B Bonds are referred to the Indenture and to the proposed form of First Supplemental Indenture contained in the Basic Legal Documents accompanying this Official Statement.

The Trustee. Bank of America N.T. & S.A., Los Angeles, California has been appointed by the Corporation as Trustee. The Trustee will receive all of the bond proceeds and revenues of the Corporation for disbursement in conformity with the Indenture. In addition to administering the various funds of the Corporation, the Trustee will invest all funds held in trust, act as paying agent for the Corporation's Series B Bonds and act as bond registrar.

Creation of Special Funds. The Indenture provides for the establishment of special trust funds, all to be held and administered by the Trustee. The funds applicable to the Series A and B Bonds and any additional series of bonds together with their sources and uses are summarized in the tabulation

Fiscal Year	Projected Revenue Base ^① (\$1,000's)	Fixed Rent Project Phase I ^②	Estimated Rent Project Phase II ^③	Total	Phases I and II Estimated Rental Tax Rate ^④
1979/80	\$174,220	\$412,235	\$525,200	\$937,435	57.1¢
1980/81	180,729	412,235	525,200	937,435	55.0
1981/82	187,238	412,235	525,200	937,435	53.1
1982/83	193,746	412,235	525,200	937,435	51.3
1983/84	200,255	412,235	525,200	937,435	49.7

① Based on an increase from 1977/78 assessed valuation of \$161,203,545 at the annual rate of \$6,508,655 or approximately 50% of the average annual increase in revenue base experienced by District from 1973/74 through 1977/78.

② Includes additional rental of \$5,000 per year.

③ Based on estimated interest rate of 7% on the Series B Bonds and additional rent of \$5,000 per year.

④ Includes a tax delinquency of 6% (three-year average 5.1%).

on page 11. Moneys held in the various funds may be invested by the Trustee under the provisions of Section 4.04 of the Indenture.

Disposition of Bond Proceeds. The First Supplement Indenture provides that the proceeds from the sale of the Series B Bonds shall be deposited with the Trustee. The Trustee will then make the following deposits:

(1) *Interest Fund.* An amount sufficient to pay the interest accruing on the Series B Bonds on and before August 1, 1979.

(2) *Reserve Fund.* A sum which, together with the balance then on deposit, shall equal maximum annual debt service on the Series A and B Bonds.

(3) *Construction Fund.* The balance of proceeds from the sale of Series B Bonds shall be deposited in the Project Phase B Construction Account in the Construction Fund and applied to the payment of costs of Project Phase II.

When Project Phase II has been completed, a certificate of the Corporation stating the fact and date of such completion, together with an Architect's certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Corporation. With the receipt of these certifications the Trustee shall transfer any remaining balance not needed for Project Phase II purposes to the Revenue Fund or to any other Project Construction Account.

Revenue Fund. All base rental revenue shall be paid to the Trustee and deposited by the Trustee to the credit of the Revenue Fund. Moneys in the Revenue Fund shall be disbursed, applied, or set aside by the Trustee in the following order of priority:

(1) *Interest Fund.* Commencing on or before January 31, 1980, and on or before July 31 and January 31 of each year thereafter, an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date, less any available balances in said fund.

(2) *Principal Fund.* On or before each January 31, beginning January 31, 1980, an amount at least equal to one-half of the Bond principal payable on the next succeeding August 1, and on or before each July 31, beginning July 31, 1980, an amount which, along with any balance on deposit, shall be at least equal to the principal payable on the next succeeding August 1.

(3) *Operation and Maintenance Fund.* If the Corporation shall at any time operate the Project, on or before each January 31 and each July 31 the Trustee shall deposit an amount needed to provide for payment of all costs of operation and maintenance during the next six months.

(4) *Reserve Fund.* A Reserve Fund equal to maximum annual bond service will be created from the proceeds of the Series B Bonds and be held by the Trustee. Moneys in this Fund shall be used to pay bond principal and interest in the event no other funds are available, and moneys in this Fund in excess of one-half of maximum annual debt service may be used for the repair, reconstruction, or replacement of any damaged or destroyed portion of the Project or for the loss of rental income not insured against because of the thirty-day deductible amount. Excess balances in this Fund exceeding maximum annual debt service on outstanding bonds shall be used to the extent needed to increase the balance in the Corporate Operation Fund to the amount required to be on deposit in said Fund and any remaining excess amounts shall be paid to the District, unless needed to be held for subsequent debt service.

Moneys in the Reserve Fund, Principal Fund, and Interest Fund may be used by the Trustee to reimburse the District for any rental payable under any Facility Lease for a period during which rental is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance) are available.

Corporate Operation Fund. The Trustee shall deposit in the Corporate Operation Fund from time to time all amounts received in the form of additional rental sufficient to maintain a balance of \$10,000, said moneys to be used to pay all administrative costs of the Corporation.

Investment of Funds. Any moneys in any of the funds may be invested in time deposits including certificates of deposits of banks or savings and loan institutions or in Federal securities, subject to limitations as set forth in the Indenture.

Moneys in the Revenue Fund may be invested in obligations which will mature within six months from the date of investment. Moneys in the Interest Fund and in the Principal Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment dates or annual Bond maturity.

TRUST FUNDS

Fund	Principal Source	Use
Construction Fund (Section 3.03)	Bond Proceeds	Construction, and incidental expenses of bond issuance and delivery.
Revenue Fund (Section 4.01)	District Base Rental Payments	Transfers to Interest Fund; Principal Fund; Operation and Maintenance Fund, if needed; Reserve Fund, if needed; and Corporate Operation Fund, if needed.
Interest Fund (Section 4.02(a))	Transfers from Revenue Fund	Bond interest payments.
Principal Fund (Section 4.02(b))	Transfers from Revenue Fund	Bond principal payments.
Principal Fund: Sinking Fund Accounts, if any (Section 4.02(b))	Transfers from Revenue Fund	Redemption of term Bonds, if any, at or prior to maturity.
Operation and Maintenance Fund (Section 4.02(c))	Transfers from Revenue Fund	To meet costs of operation and maintenance if at any time the Corporation shall operate and maintain the Project.
Reserve Fund (Section 4.02(d))	Bond Proceeds and, if depleted, Revenue Fund	Bond principal and interest; payment of final maturities; payment for Project repairs or replacement.
Corporate Operation Fund (Section 4.03)	Bond Proceeds, District Additional Rental Payments, and transfers from Reserve Fund, if needed	Corporate operating expenses.

Moneys in the Construction Fund and the Corporate Operation Fund may be invested in obligations which will mature within one year from the date of investment. One-fourth of the moneys in the Reserve Fund may be invested in obligations which will mature within five years from the date of investment, one-fourth in obligations which will mature within ten years from the date of investment and one-half in obligations which will mature within twenty years from the date of investment. Moneys in the Operation and Maintenance Fund may be invested in obligations which will mature so as to be available when needed.

All interest earned on any such investment shall become part of the fund on which earned, except that such interest earnings received or accrued on Interest Fund and Reserve Fund moneys during construction of any phase of the Project shall be transferred to the appropriate Project Construction Account.

Additional Series of Bonds. Although the Corporation does not plan, at this time, to issue additional series of bonds beyond the Series B Bonds, Section 3.04 of the Indenture permits the issuance of one or more additional series of parity bonds by supplemental indenture(s) subject to, among other things, the following conditions:

(1) The Corporation shall not be in default under provisions of the Indenture;

(2) The supplemental indenture shall require that the additional series of bonds will be issued for the purposes of acquiring or constructing additional public school facilities for the District, or the making of additions, improvements, or extensions to the Project;

(3) The additional series of bonds shall have no priority over the Series A and B Bonds;

(4) The Corporation must enter into a new or amended Facility Lease with the District in

which the District obligates itself to increase the base rental under all Facility Leases in amounts sufficient to provide for the payment of the principal of and interest on the additional series of bonds when due;

(5) Provision must be made to increase the Reserve Fund to an amount equal to at least maximum annual bond service on all series of bonds to be outstanding thereafter.

Additional series of parity bonds may also be issued with the consent of the holders of 60 percent of outstanding bonds.

Title Insurance. A policy of title insurance insuring either the leasehold interest title of the Corporation in the real property described in the Site Lease or the title of the District in such real property will be provided at or prior to delivery of the Series B Bonds. Said policy will be enforceable for the benefit of the bondholders in the principal amount of the Series B Bonds.

Fire and Extended Coverage Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained insurance against loss or damage to any structures constituting part of the Project by fire and lightning with extended coverage and vandalism and malicious mischief insurance. Such insurance shall either (1) be in an amount equal to the replacement cost of the structures subject to deductible clauses for any one loss not to exceed the lesser of \$100,000 or the excess of the available moneys in the Reserve Fund above one-half of maximum annual debt service, or (2) be in an amount and in form sufficient to enable the Corporation (together with moneys in the Reserve Fund) either to retire all Bonds then outstanding or to restore the structures to the condition existing before such loss.

Earthquake Insurance. Upon completion of any part of the Project, the Corporation shall cause to be maintained earthquake insurance in an amount equal to the replacement cost of the structures, provided coverage is available at reasonable cost on the open market from reputable insurance companies. Such insurance may be subject to a deductible clause of not to exceed 10% of said replacement cost for any one loss. The Corporation will provide the insurance with a 3% deductible during the course of construction. Alternatively, the Corporation may provide earthquake insurance in an amount and form to enable the Corporation either to retire all bonds then outstanding or to restore the structures to the condition existing before such loss.

Use and Occupancy Insurance. While any of the Bonds are outstanding, the Corporation shall cause to be maintained use and occupancy or rental interruption insurance to cover total or partial loss of rental income from any structure constituting the Project facilities resulting from damages discussed in the "Fire and Extended Coverage Insurance" and "Earthquake Insurance" paragraphs above in an amount sufficient to pay the total rental due for the period of time allowed for the construction of the structures by the construction contractors plus three months subject to a deductible clause of not to exceed the lesser of thirty days or the excess of the available moneys in the Reserve Fund above one-half of maximum annual debt service, except that such insurance need be maintained as to the peril of earthquake only following completion of construction and only if available at reasonable cost on the open market from reputable insurance companies.

Public Liability Insurance. Except as provided below, while any of the Bonds are outstanding the Corporation shall cause to be maintained public liability insurance. Minimum liability limits for such insurance are \$1,000,000 for personal injury or death of one person; \$3,000,000 for personal injury or death of two or more persons in each event; and \$200,000 subject to a deductible clause not to exceed \$5,000, for property damage from each event. Such public liability and property damage insurance may however be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks.

The Corporation shall have the right to provide other kinds of insurance or methods or plans of protection against risk or loss which shall be in substitution for the public liability insurance otherwise required to be maintained by the Corporation, providing such other kinds of insurance, plans or methods shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee giving consideration to cost, availability and plans or methods of protection adopted by California school districts other than the District.

Eminent Domain. If all or any part of the trust estate shall be taken by eminent domain proceedings, or sold under threat thereof, the proceeds therefrom shall be deposited with the Trustee and applied and disbursed as follows: (a) to be treated as revenues of the Project if the Project's operation has not been materially affected or the Corporation's ability to meet its obligations has not been impaired;

or the proceeds shall be used if needed for repair or rehabilitation of the Project; (b) to be used to redeem Bonds if less than all of the Project shall have been taken by eminent domain and if the Project's operation has been materially affected, or the Corporation's ability to meet its obligations has been impaired; and (c) if all of the Project shall have been taken by eminent domain, the proceeds therefrom and any other available monies shall be used to redeem Bonds. If said monies are insufficient the Trustee shall first apply the proceeds to meet the Trustee's costs of administration of its trusts under the Indenture and then to payment of principal and interest on the Bonds then outstanding, in full or ratably without preference or priority.

Non-Liability of Individuals. No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or otherwise in respect thereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all

such liability being by the acceptance of the Bonds and as part of the consideration for the issue thereof expressly waived and released, as provided in the Indenture.

Additional Covenants. The Indenture contains other covenants, including but not limited to the following whereby the Corporation agrees to:

(1) Punctually pay the principal and interest on the Bonds as they become due;

(2) Promptly collect all rents and charges due for the occupancy or use of the Project and to enforce its rights against any tenant who does not pay such rents and charges as they become due;

(3) Maintain, or cause to be maintained, proper books of record and account;

(4) Maintain, or cause to be maintained, in good condition and repair the Project facilities;

(5) Construct and complete Project Phase II in conformity with the construction contracts (under the construction contracts 100% performance bonds and 100% labor and materialmen's bonds will be required of the contractors);

(6) Pay, discharge, or contest any taxes, assessments, or other charges upon the Project or the revenues.

Lake Arrowhead area winter landscape.



Estimated Annual Bond Service

Table 2 shows annual bond service on the Corporation's Series A Bonds and estimated bond serv-

ice on the Corporation's Series B Bonds based on an interest rate of 7 percent.

Table 2

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION

Estimated Annual Bond Service

Series B Bonds and Actual Bond Service Series A Bonds

Year Ending August 1	Series B Bonds				Actual Bond Service Series A Bonds	Total Estimated Bond Service
	Principal Outstanding August 1	Interest Estimated at 7% ①	Principal Maturing August 1	Estimated Bond Service		
1978	\$5,625,000	\$ 295,312.50	\$ —	\$ 295,312.50	\$ 332,091.67	\$ 627,404.17
1979	5,625,000	393,750.00	—	393,750.00	284,650.00	678,400.00
1980	5,625,000	393,750.00	125,000	518,750.00	384,650.00	903,400.00
1981	5,500,000	385,000.00	125,000	510,000.00	402,650.00	912,650.00
1982	5,375,000	376,250.00	150,000	526,250.00	393,900.00	920,150.00
1983	5,225,000	365,750.00	150,000	515,750.00	385,150.00	900,900.00
1984	5,075,000	355,250.00	175,000	530,250.00	401,400.00	931,650.00
1985	4,900,000	343,000.00	175,000	518,000.00	390,900.00	908,900.00
1986	4,725,000	330,750.00	175,000	505,750.00	380,400.00	886,150.00
1987	4,550,000	318,500.00	200,000	518,500.00	394,900.00	913,400.00
1988	4,350,000	304,500.00	225,000	529,500.00	385,625.00	915,125.00
1989	4,125,000	288,750.00	225,000	513,750.00	401,700.00	915,450.00
1990	3,900,000	273,000.00	250,000	523,000.00	391,100.00	914,100.00
1991	3,650,000	255,500.00	275,000	530,500.00	405,300.00	935,800.00
1992	3,375,000	236,250.00	275,000	511,250.00	417,925.00	929,175.00
1993	3,100,000	217,000.00	300,000	517,000.00	403,925.00	920,925.00
1994	2,800,000	196,000.00	325,000	521,000.00	414,675.00	935,675.00
1995	2,475,000	173,250.00	350,000②	523,250.00	423,725.00	946,975.00
1996	2,125,000	148,750.00	375,000②	523,750.00	431,325.00	955,075.00
1997	1,750,000	122,500.00	400,000②	522,500.00	437,150.00	959,650.00
1998	1,350,000	94,500.00	425,000②	519,500.00	441,500.00	961,000.00
1999	925,000	64,750.00	450,000②	514,750.00	444,000.00	958,750.00
2000	475,000	33,250.00	475,000②	508,250.00	420,000.00	928,250.00
Total . .		\$5,965,312.50	\$5,625,000	\$11,590,312.50	\$9,168,641.67	\$20,758,954.17

① Interest through August 1, 1979 (\$689,062.50) funded into the bond issue.

② Bonds maturing on or after August 1, 1995 callable from any source of funds on any interest payment date on or after August 1, 1989.

Source: Stone & Youngberg Municipal Financing Consultants, Inc.

THE PROJECT

Project Phases

The District's Board of Trustees has grouped the building program approved by District voters on June 8, 1976 into two phases for Project implementation.

Project Phase I. Classroom and library additions to Valley of Enchantment Elementary School; classroom and library additions to Running Springs Elementary School; classroom and multi-use room additions to Lake Arrowhead Elementary School; classroom, activity resource room, multi-purpose gymnasium, shower and locker room, shop and art room additions to Mary P. Henck Intermediate School. On June 7, 1977, the Corporation sold Series A Bonds in the principal amount of \$4,825,000 to finance construction of Project Phase I facilities.

Project Phase II. Classroom, resource room, gymnasium, shower and locker room, shop, science complex, homemaking and library additions to Rim High School. The \$5,625,000 principal amount of the Corporation's Series B Bonds are being offered for sale to provide funds for the construction of Project Phase II facilities.

Project Implementation

On August 31, 1977, the Corporation received sealed competitive bids for construction at Rim High School. The low base bid plus alternates to be accepted of \$4,198,010 was submitted by Harwick & Son, Inc. of Newport Beach, California.

The District is constructing the site work and grading needed to prepare the Project Phase II site pursuant to a separate contract, and this work is scheduled to be completed by November 1, 1977.

Upon delivery of the Series B Bonds, the Corporation will enter into a construction contract with Harwick & Son, Inc. for construction of the facilities described in Project Phase II. The Office of State Architect has approved the plans and specifica-

tions for the Phase II facilities and has certified their conformance to fire, safety, and earthquake structural safety standards. Completion of Project Phase II is expected by February 1, 1979.

A labor and materials bond of 100% of the contract amount and a performance bond of 100% of the contract amount is required of the contractor. The contractor is also required by the construction contract to carry public liability and property damage and workmen's compensation insurance during the construction period and until the facilities have been accepted by the District and the Corporation.

The Corporation will maintain builder's risk insurance and rental interruption insurance. The Corporation will also provide earthquake insurance during the construction period, against loss or damage by earthquake in an amount not less than the full insurable value of the properties, subject to a 3% deductible for any loss.

The District levied a pre-lease tax of 51.85¢ per \$100 assessed valuation in 1976/77. This tax produced an estimated \$692,483 to fund on a cash basis some project costs. The District is levying 65.25¢ in 1977/78 and expects to levy an additional portion of the authorized pre-lease tax in 1978/79 to fund additional project costs amounting to approximately \$1,317,517. These pre-lease levies total \$2,010,000. The anticipated expenditures from pre-lease monies follow:

District 1976/77—1977/78—1978/79 Pre-Lease Levies^①

Expenditures	Estimated Cost
Furniture and Equipment Rental	\$ 500,000 ^②
Advance site work	794,870
Architect fees	525,000
Surveys, plan check fees, testing, inspection, advertising for bids	190,130
Total Estimated Cost	\$2,010,000

① \$692,483 of the pre-lease levies have been received by the District. The estimated remaining \$1,317,517 will be collected in 1977/78 and 1978/79 pre-lease levies.

② To be paid to the Corporation pursuant to an equipment lease entered into between the Corporation and District; and, used by the Corporation for purchase of equipment to lease back to the District.

The following table shows the remaining costs of Project Phase II and bond issue requirements.

RIM OF THE WORLD
UNIFIED SCHOOL DISTRICT
EDUCATIONAL FACILITIES CORPORATION
Estimated Project Phase II Costs and
Series B Bond Issue Requirements

Construction	\$4,198,010
Construction Contingency at 4%	167,900
Insurance	90,000
Costs of Bond Issuance	92,500
Subtotal	4,548,410
Add: Funded interest estimated at 7% for 21 months	689,063
Reserve Fund (Maximum Annual Bond Service)	530,500
Total Project Cost	5,767,973
Less: Investment income from bond proceeds during construction at 5%	142,973
Bond Issue	<u>\$5,625,000</u>

DISTRICT ORGANIZATION AND FINANCIAL DATA

The information contained herein concerning the Rim of the World Unified School District is included because the District is the proposed lessee of Project Phase II. However, the Series B Bonds are bonds of the Corporation and are not debts or obligations of the District.

The District provides elementary and secondary school educational services to residents of a 107 square-mile area in southwestern San Bernardino County that includes the unincorporated communities of Crestline, Lake Arrowhead and Running Springs, all in the San Bernardino mountains. The District has operated as a unified school district under the laws of the State of California since its formation on July 1, 1955. The present unified school district was formed from the former Crest Forest, Lake Arrowhead and Running Springs Elementary School Districts. The District is governed by an independent Board of Trustees of five members who are elected by geographical area for staggered four year terms. The Superintendent, who is appointed by the Board of Trustees, administers the District's affairs in accordance with policies of the Board of Trustees. The present superintendent, Mr. James N. Bernardy, has served the District in this capacity since July 1, 1976. Mr. Bernardy has had more than 24 years of professional experience in public education and administration and has continuously since 1958 served as superintendent of three California school districts.

Facilities and Attendance

The District's facilities include 4 elementary schools, 1 intermediate school, and 1 senior high school presently being operated on a year-round calendar. The District's 1977/78 budget which exceeds \$9,229,000 provides for the employment of 10 administrative, 164 full-time certificated, 144 full-time classified and 63 part-time certificated and classified employees. The District enrollment as of 9/1/77 was 3,821.

Table 3 on page 18 shows District assessed valuation, average daily attendance, and assessed valuation per student in average daily attendance since 1973/74. These data indicate the District's assessed valuation increased approximately 47.7% and assessed valuation per unit of average daily attendance increased approximately 12.3%. Average daily attendance estimated at 3,849 in 1977/78 represents an increase of approximately 31.5% since 1973/74.

Assessed Valuations

The San Bernardino County Assessor assesses property for District tax purposes. The State Board of Equalization reports that the 1977/78 San Bernardino County assessed valuations average 24.7 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value.

Under California law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under a Constitutional Amendment, the California Legislature can raise the exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is fully reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for tax collection delinquencies.

In 1977/78, District homeowners' and business inventory exemptions totaled \$6,497,090. Table 4 shows a five-year history of the District's assessed valuations by tax roll prior to deductions for the two previously discussed special exemptions. Table 5 presents the District's 1977/78 assessed valuation by tax roll before and after these exemptions.

Table 3**RIM OF THE WORLD UNIFIED SCHOOL DISTRICT****Assessed Valuation and Average Daily Attendance**

Fiscal Year	Assessed Valuation	Average Daily Attendance ^①	Assessed Valuation Per Unit Average Daily Attendance
1973/74	\$109,134,300	2,927	\$37,285
1974/75	116,775,620	3,215	36,322
1975/76	128,912,255	3,379	38,151
1976/77	138,327,440	3,581	38,628
1977/78	161,203,545	3,849 ^②	41,882

① Includes summer enrollments.

② Estimated during the period July 1977 through June 1978.

Sources: San Bernardino County Auditor-Controller (Assessed Valuations), and Rim of the World Unified School District (Average Daily Attendance).

Table 4**RIM OF THE WORLD UNIFIED SCHOOL DISTRICT****Assessed Valuations by Tax Roll**

	1973/74	1974/75	1975/76	1976/77	1977/78
Secured roll	\$ 99,641,610	\$106,492,375	\$118,155,840	\$126,475,275	\$148,336,015
Unsecured roll	3,417,270	3,652,575	4,051,455	4,772,295	4,751,000
Utility roll	6,075,420	6,630,670	6,704,960	7,079,870	8,116,530
Total	\$109,134,300	\$116,775,620	\$128,912,255	\$138,327,440	\$161,203,545

Source: San Bernardino County Auditor-Controller.

Table 5**RIM OF THE WORLD UNIFIED SCHOOL DISTRICT****1977/78 Assessed Valuation**

Tax Roll	Taxable Assessed Valuation	Homeowner Exemptions	Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured	\$142,374,360	\$5,928,560	\$ 33,095	\$148,336,015
Unsecured	4,215,585	43,750	491,665	4,751,000
Utility	8,116,510	—	20	8,116,530
Total	\$154,706,455	\$5,972,310	\$524,780	\$161,203,545

Source: San Bernardino County Auditor-Controller.

Revenue Limitations

Since 1973/74, California school districts have operated under general purpose property tax revenue limitations established in legislation adopted in 1973. Since 1973 allowable annual general purpose tax rates to be applied to a district's assessed valuation have been derived from a statutory formula which takes into account a number of factors including adjustments for inflation, limited mandatory contributions to the Teachers' Retirement System, basic state aid, state equalization aid, changes in average daily attendance, and prior years tax collections. The tax required to raise the general purpose moneys is the District's maximum general purpose tax rate.

The District's revenue limit per unit of average daily attendance and general purpose tax rate in 1975/76 were: \$1,373 and \$3.4903, respectively.

In 1976/77, the revenue limit per unit of average daily attendance was \$1,448 with a general purpose tax rate of \$3.7656.

For 1977/78 the District has computed the revenue limit per unit of average daily attendance at \$1,505 and a general purpose tax rate of \$3.4750.

See the subheading "Litigation" in the Bond Section of this Official Statement for a discussion of the impact of the California Supreme Court decision in *Serrano v. Priest* on California school districts, including the District.

Tax Rates

Table 6 shows the Rim of the World Unified School District tax rate for 1973/74 through 1977/78. The District's total tax rate during this

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Tax Code Areas 10517 and 10527

1977/78 Tax Rates

Tax Agency	Code Area 10517	Code Area 10527
County	\$ 2.8356	\$ 2.8356
Rim School District①	4.3294	4.3294
Rim School District Bonds ..	.0889	.0889
San Bernardino Community College .....	.7166	.7166
Flood Control .....	.0734	.0734
Lake Arrowhead Fire District	1.1407	—
County Service Area #70 ..	.0009	.0009
County Service Area D-1 ...	.3180	—
County Service Area D-1 Bonds	1.2087	—
San Bernardino Mt. Hospital	.2000	.2000
Crestline-Lake Arrowhead Water Agency	—	1.6200
Running Springs Water District	—	2.7913
Running Springs Water District Bonds	—	.2087
Lake Arrowhead Sanitation .	.9415	—
Total	\$11.8537	\$12.8648

① Includes Equalization aid, County School Tuition, Institutional Education, and Regional Occupational Program (1977/78 total aggregate tax of .1479 per \$100 assessed valuation).

Source: San Bernardino County Auditor-Controller.

Table 6

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Tax Rate Distribution by Purpose

Purpose	1973/74	1974/75	1975/76	1976/77	1977/78
General Purpose	\$3.1092	\$3.3900	\$3.4903	\$3.7656	\$3.4750
Bond Interest and Redemption .....	.1985	.1172	.1073	.1082	.0889
Community Services	—	—	—	.0301	.0319
Meals for Needy	—	—	—	.0150	.0221
Lease Purchase①	—	—	—	.5185	.6525
Total	\$3.3077	\$3.5072	\$3.5976	\$4.4374	\$4.2704

① Tax rate increase levied to fund on a cash basis some costs attributable to Projects Phase I and II (see "The Project" section of this Official Statement).

Source: Rim of the World Unified School District and San Bernardino County Superintendent of Schools.

period has ranged from a low of \$3.3077 (1973/74) to a high of \$4.4374 (1976/77) per \$100 assessed valuation.

There are 56 Tax Code Areas within the District. Tax Code Area No. 10517 (1977/78 secured assessed valuation of \$66,311,050) and Tax Code Area No. 10527 (1977/78 secured assessed valuation of \$15,034,740) are the largest in the District. Together they account for 54.8% of total District secured assessed valuation. All tax rates per \$100 assessed valuation in these two tax code areas are presented in the tabulation on page 19.

Total 1977/78 tax rates per \$100 assessed valuation in the District's 56 tax code areas ranged from a high of \$14.5403 to a low of \$8.3768.

Tax Levies, Collections, and Delinquencies

School District secured taxes appear on the same tax bill as County and City taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Taxes on properties appearing on the unsecured roll are assessed on March 1 and become delinquent the following August 31. Table 7 summarizes the general purpose secured tax levies

and the amount and percentage of the levy delinquent as of June 30 for the past five fiscal years in the District's tax code areas. During this period the rate of current year tax delinquency averaged 5.0 percent (three year average 5.1%).

Large Taxpayers

Large taxpayers in the District are listed on page 22, as reported by the San Bernardino County Assessor. Representatives of the largest taxpayer, Metropolitan Advertising Agency, Incorporated, state that the agency: is currently subdividing 47 acres of Lake Arrowhead west shore property; is investigating the possibility of redeveloping Lake Arrowhead Village; does not have, at this time, any plans to develop 700 acres of additional potential subdivision property it owns.

General Fund Income and Expenditures

Table 8 on page 21 presents a four-year summary of income and expenditures of the Rim of the World Unified School District as reported in annual audits and financial reports of the District. Also included in Table 8 are the annual revised expenditure budgets and the variation of these budgets to actual expenditures.

Table 7
RIM OF THE WORLD UNIFIED SCHOOL DISTRICT
Secured Tax Collections and Delinquencies^①

Year Ending June 30	Secured Tax Levy	Amount Collected	Amount Delinquent	Percent Delinquent
1973	\$3,212,843	\$2,992,841	\$220,002	6.9%
1974	3,173,388	3,087,698	85,690	2.7
1975	3,688,466	3,489,658	198,808	5.4
1976	4,192,875	3,968,994	223,881	5.3
1977	5,552,719	5,292,889	259,830	4.7

^① Total tax collections including penalties and interest are not maintained by San Bernardino County.

Source: San Bernardino County Auditor-Controller.

Table 8
RIM OF THE WORLD UNIFIED SCHOOL DISTRICT
Summary of General Fund Income and Expenditures

Fiscal Year	1972/73	1973/74	1974/75	1975/76
Beginning Balance July 1	\$ 832,827	\$ 976,996	\$1,186,250	\$1,358,906
Adjustment to Beginning Balance	1,093	19,958	8,626	6,450
Net Beginning Balance	\$ 833,920	\$ 996,954	\$1,194,876	\$1,365,356
Income:				
Federal Sources	\$ 51,129	\$ 78,640	\$ 140,359	\$ 229,707
State Sources	510,203	676,339	789,374	848,980
County Sources	3,412	5,198	6,167	6,314
Local Sources	3,061,684	3,390,831	3,900,630	4,366,416
Incoming Transfers	8,515	8,632	10,287	18,608
Subtotal	3,634,943	4,159,640	4,846,817	5,470,025
Total Income Available	\$4,468,863	\$5,156,594	\$6,041,693	\$6,835,381
Expenditures:①				
Certificated Salaries		\$2,228,633	\$2,588,179	\$3,007,395
Classified Salaries		732,337	887,557	1,128,386
Employee Benefits		322,272	406,847	521,517
Books, Supplies, Equipment		214,419	325,393	332,146
Contracted Services		256,318	260,712	323,978
Administration	\$ 118,999			
Instruction	2,065,400			
Health Services	23,911			
Pupil Transportation	183,324			
Operation of Plant	281,779			
Maintenance of Plant	196,177			
Fixed Charges	302,480			
Food Services	1,005			
Community Services	17,288			
Capital Outlay	144,728	212,529	208,779	530,119
Outgoing Tuition	1,456	3,836	320	4,373
Outgoing Transfers—Contingency	155,320		5,000	
Total Expenditures	\$3,491,867	\$3,970,344	\$4,682,787	\$5,847,914
Revised Budget Expenditures	\$3,528,894	\$4,203,574	\$4,980,468	\$6,198,687
Variance to Actual Expenditures	\$ 37,027	\$ 233,230	\$ 297,681	\$ 350,773
Ending Balance June 30	\$ 976,996	\$1,186,250	\$1,358,906	\$ 987,467

① Beginning in 1974/75 all school districts in the State of California were required to follow accounting and financial reporting procedures in accordance with revenue source categories and classification object code prescribed by the California State Accounting Manual. Certain expenditure items prior to 1974/75 cannot, therefore, be directly compared with subsequent years.

Source: District audit reports for individual years.

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Large Taxpayers

Taxpayer	Product/Service	1977/78 Assessed Valuation
Metropolitan Advertising Agency, Inc.	Land Developer	\$3,443,200
Arrowhead Utility Co.	Utility	2,680,000
Southern California Edison Co.	Utility	2,435,710
General Telephone Co.	Utility	2,267,140
Southern California Gas Co.	Utility	1,624,360
Doheny, Wm. H. and Edward L. III	Property Owner	1,000,000
American Telephone & Telegraph Co.	Utility	811,850
California Interstate Telephone	Utility	640,320
Arrowhead Lake Assoc.	Lake owner	564,700
Ida E. Swift	Property Owner	512,760

Source: San Bernardino County Assessor.

The tabulations in Table 9 show a summary of the District's 1976/77 actual income and expendi-

tures (unaudited), and a summary of the District's approved 1977/78 general fund budget.

Table 9

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT General Fund Income and Expenditures

	1976/77 Actual ^①	1977/78 Budget
Beginning Balance July 1	\$ 987,467	\$1,480,950
Adjustment to Beginning Balance	7,035	—
Net Beginning Balance	994,502	1,480,950
Income:		
Federal Sources	226,111	262,790
State Sources	1,080,001	804,883
County Sources	7,701	8,000
Local Sources	5,783,100	6,647,313
Incoming Transfers	24,527	25,650
Subtotal	7,121,440	7,748,636
Total Income Available	8,115,942	9,229,586
Expenditures:		
Certificated Salaries	3,244,494	3,523,976
Classified Salaries	1,242,126	1,383,960
Employee Benefits	652,303	845,204
Books, Supplies, Equipment	407,769	511,745
Contracted Services	424,226	555,569
Capital Outlay	637,171	1,326,805
Outgoing Tuition	26,903	61,130
Outgoing Transfers—Contingency	—	363,154
Total Expenditures	\$6,634,992	\$8,571,543 ^②
Ending Balance June 30	\$1,480,950	\$ 658,043

① Unaudited.

② General Reserve.

Source: Annual Budget Report (Form J-41), July 1, 1977 to June 30, 1978 adopted by the Governing Board of the District on August 1, 1977.

Fund Balances

A summary of the District's fund balances as of June 30 for each of the past five years is presented below.

Fund Balance as of June 30

Name of Fund	1972/73	1973/74	1974/75	1975/76	1976/77 ^②
General Fund	\$976,996	\$1,186,250	\$1,358,906	\$987,467	\$1,480,950
Interest and Redemption Fund	221,132	223,227	189,637	172,183	172,183
Cafeteria Fund	13,840	12,756	6,929	7,918	3,128
Special Reserve ^①	217,715	151,976	—	—	—

① A special reserve fund for construction of school facilities on a cash basis.

② Unaudited.

Source: District Audit Reports for fiscal years 1972/73 through 1975/76. District annual Budget Report (Form J-41) adopted on August 1, 1977 for fiscal year 1977/78.

Employer-Employee Relations

Certificated, non-supervisory personnel of the Rim of the World Unified School District are represented by the Rim Teachers Association, an affiliate of the California Teachers Association and the National Education Association. Classified personnel are represented by the California School Employees Association, CSEA No. 417.

A master contract for the 1977/78 school year covering certificated personnel is in the process of being negotiated at present time. Negotiations are presently at an impasse. It is not possible at this time to predict the further course of these negotiations, including whether any strikes or work stoppages may occur, or the cost to the District of any contract which may result. Negotiations with classified personnel were finalized on August 25, 1977. The two year contract reflects for fiscal year: 1977/78 a 3.75% salary increase and dental coverage for dependents; 1978/79 a 4.5% salary increase, and District absorbing increase in medical insurance premiums, if any.

Effective July 1, 1976, provisions of the Rodda Act codified as Chapter 961 of the 1975 Statutes affected all school districts in California. In case of labor disputes, local grievance procedures may be operative (if established by contract), or both parties may agree to submit grievances to final and binding arbitration pursuant to rules adopted by the Educational Employment Relations Board, which administers the Act. The Act's provisions with respect to the rights, obligations, and unfair practices

applicable to management and labor became effective April 1, 1976.

Pension Plans

The District participates in the State of California Teachers' Retirement System (STRS). This plan covers basically all full-time certificated employees. The District's estimated contribution to STRS for fiscal year 1977/78 amounts to \$238,000, which includes both current costs and backfunding. The District's contribution to STRS in fiscal year 1976/77 was \$204,591.

The District also participates in the State of California Public Employees' Retirement System (PERS). This plan covers all classified personnel who are employed at least 50 percent of the work-week. The District's contribution to PERS for fiscal year 1976/77 was \$90,771, including current costs and backfunding. The estimated contribution to PERS in fiscal year 1977/78 is \$106,250.

Both systems are operated on a statewide basis. Records are maintained in such a way that information relating to vested benefits, unfunded vested benefits, and prior service costs are not available for the District.

The State Teachers' Retirement System (STRS) operates under provisions of the State Education Code. The System includes California public teachers from preschool through grade fourteen and certain other employees of the public school system. There were approximately 331,200 active and inactive members and 64,800 benefit recipients at June

30, 1976. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The System is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays \$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Members contribute 8% of applicable earnings, and school districts contribute a percentage of applicable member earnings, rising to a maximum of 8% beginning July 1, 1978.

As of June 30, 1976, the net unfunded obligation of the System was estimated to be \$7,843,527,561, based on a projection of the \$7,457,041,757 net unfunded obligation determined in the June 30, 1975 periodic actuarial valuation. According to the actuarial report, combined contribution rates of members and school districts (16% at July 1, 1978) are insufficient to realize adequate funding. Any revision to the existing financing structure can be accomplished only through a change in the State Teachers' Retirement Law.

Actuarial valuations of the System are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal cost rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The Systems' financial statements are prepared on the accrual basis of accounting.

The State Teachers' Retirement System's actuary is Milliman and Robertson, Inc., of San Francisco, California; Investment Counsel for equities is B A Investment Management Company, San Francisco, California; auditor is Coopers and Lybrand, Sacramento, California.

The State Public Employees' Retirement System (PERS). This system, originally established in 1931, is governed by an eleven member Board of Administration, including the State Director of Finance. As of June 30, 1976, there were 543,436 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are public agency personnel. As of June 30, 1976, the System provided retirement, death and survivor benefits under 944 contracts for about 1,950 public agency employers (cities, counties, and other public agencies)

with 364,116 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules. The annual contribution by the State of California for the 1975 and 1976 fiscal years, as reported by the State Controller, was \$231,057,854 and \$289,502,746, respectively. The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years. This was last done as of June 30, 1974.

Total assets of the System at June 30, 1976 were \$7,910,606,976, according to the annual report. Of this amount, reserves of \$7,862,480,565 were available for benefits. The unfunded obligation of the System was determined to be \$6,131,556,655 at June 30, 1975 (state members \$3,471,553,401, local governmental members \$2,660,003,254). The comparable amount for June 30, 1976 is not available. The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return on investments, and salary scales. The present System policy is designed to satisfy the unfunded obligation by June 30, 2000.

Bonded Indebtedness

As of October 11, 1977, the Rim of the World Unified School District will have general obligation bonds outstanding amounting to \$830,000.

Direct and Estimated Overlapping Bonded Debt

The District's general obligation bonding capacity is equal to 10 percent of its assessed valuation after all exemptions except homeowners' and business inventory, as adjusted by the Collier Factor. The Collier Factor is a comparison of a county's assessment level with the statewide average ratio. The factor is used to offset differences in assessment levels for intercounty school districts and conforms assessment to the statewide average assessment level for all property. Based on the District's 1977/78 assessed valuation the San Bernardino auditor re-

ports the District general obligation bonding capacity is \$16,135,663.

The State of California Education Code provides that a unified school district shall not enter into any long term leases of buildings if the combination of: (a) 50 percent of the District's rental payments under such leases, plus (b) the outstanding district general obligation bonded indebtedness, exceeds 12.5 percent of the district's net taxable assessed valuation plus homeowners' and business inventories exemptions.

Based on the District's 1977/78 assessed valuation for this purpose (\$161,203,545) the 12.5 percent limit of anticipated lease rentals and general obligation bonded debt equals \$20,150,443. The aggregate lease rental payable by the District under the Project Phase I Facility Lease includes (a) base rental of \$8,551,935, and (b) additional rental not to exceed \$5,000 per year over the term of the Project Phase I Facility Lease, or \$105,000 in the aggregate. Fifty percent of the District's lease rentals (\$4,275,968) plus general obligation bonded debt (\$830,000) will approximate 25.3 percent of the District's general obligation bonded debt and lease rental limitation of \$20,150,443.

The aggregate lease rentals payable by the District under the Project Phase II Facility Lease include: (a) base rental of \$10,924,200, assuming an interest rate of 7 percent is bid on the Series B Bonds, and, (b) additional rental not to exceed

\$5,000 per year over the term of the Project Phase II Facility Lease, or \$105,000 in the aggregate.

Fifty percent of the District's total estimated lease obligations (\$9,843,067) plus general obligation bonded debt \$830,000 will approximate 53 percent of the District's general obligation bonded debt and lease rental limitation of \$20,150,443.

The direct and estimated overlapping bonded debt of the District is shown in Table 10, page 26. The \$10,450,000 principal amount of the Corporation's Series A and Series B Bonds is shown for informative purposes only since bonds of the Corporation are not a debt or obligation of the District.

Other Indebtedness

The District is lease purchasing six school buses. The following tabulation presents the contracted lease payment.

Fiscal Year	Lease Payment
1977/78	\$ 49,738
1978/79	43,236
1979/80	36,907
1980/81	36,907
1981/82	23,660
Total	\$190,448

Table 10

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Statement of Direct and Estimated Overlapping Bonded Debt^①

Estimated Population	17,000	
1977/78 Assessed Valuation	\$161,203,545 ^②	
Estimated Real Value	\$652,251,605 ^③	
Public Entity	Percent Applicable	Estimated Debt Applicable October 11, 1977
San Bernardino County Building Authorities	5.277%	\$ 682,052
San Bernardino County Free Library Authorities	7.386	75,707
Crestline Lake Arrowhead Water Agency	99.372	6,339,934
Crestline Village County Water District and Notes	100.	315,000
Crestline Sanitation District 1915 Act Bonds	100.	465,000
Lake Arrowhead Sanitation District and 1915 Act Bonds	100.	1,525,000
Arrowbear Park County Water District 1915 Act Bonds	100.	2,398,800
Running Springs County Water District Notes and 1915 Act Bonds	100.	2,903,000
Rim of the World Unified School District	100.	11,280,000 ^④
San Bernardino County Service Area No. 70 Zone D-1	100.	6,425,000
San Bernardino County Service Area No. 79, 1915 Act Bonds	100.	1,855,829
San Bernardino Municipal Water District	0.002	473
TOTAL DIRECT AND OVERLAPPING BONDED DEBT		\$34,265,795

	Ratio to		
	Assessed Valuation	Real Value Estimated	Per Capita
Assessed Valuation	—	—	\$9,483
Direct Debt	7.00%	1.73%	\$ 664
Direct and Estimated Overlapping Bonded Debt	21.26%	5.25%	\$2,016

① Compiled in cooperation with California Municipal Statistics, Inc.

② The 1977/78 assessed valuation is before deduction of \$6,497,090 homeowners' and business inventory exemptions, the taxes on which are paid by the State of California.

③ State Board of Equalization reports that 1977/78 San Bernardino County assessed valuations averaged 24.7% of full market value. Public utility property (\$8,116,530) is assessed at 25% of full market value by the state.

④ Includes \$4,825,000 Series A Bonds and the currently offered \$5,625,000 Series B Bonds of the Corporation which are not a debt of the District but are included here for informational purposes only.

THE ECONOMY OF THE DISTRICT

The Rim of the World Unified School District is located in the San Bernardino Mountains of southwestern San Bernardino County, about five air miles north of the City of San Bernardino. By highway, the District's southern boundary is approximately 75 miles east of Los Angeles and 18 miles from downtown San Bernardino.

District boundaries embrace approximately 107 square miles of wooded terrain, mountains, and lakes, including Lake Arrowhead, an attractive and accessible 780-acre body of water lying at an elevation of 5,114 feet. The District is surrounded by the San Bernardino National Forest.

Communities within the District, all unincorporated, include Lake Arrowhead Village, Crestline, Running Springs, Blue Jay, and Twin Peaks. The present population of the District is estimated at 17,000 persons, with about 7,500 living in the Lake Arrowhead area, 6,500 in the Crestline area, and 3,000 in the Running Springs area. There is a considerable diversity of income levels and life styles among these communities. Lake Arrowhead has a number of luxurious homes and for many years has been widely known as a resort area frequented by wealthy families and individuals.

Although popular as a vacation and second home area, the District has acquired an increasing number of year-round residents. Contributing to the popularity of the area is its proximity to Metropolitan Southern California. The Greater Metropolitan San Bernardino area is located at the base of the San Bernardino mountains at an elevation of approximately 500 feet. From this point a four-lane highway takes a visitor to 4,000 feet, a distance of 10 miles. The remainder of the trip to the Lake Arrowhead Area is over a well-maintained two-lane highway. The entire trip takes approximately one-half hour, which accounts for the fact that many people working in and around San Bernardino make their home in the District. Freeway access from all Los Angeles and Orange County areas is excellent with an average time en route of approximately two hours.

Population and Housing Characteristics

Boundaries of the District are somewhat larger than Census Tract 101 (Crest Forest). During April 1975 a special countywide census was conducted by the U.S. Bureau of the Census. Growth of the District may be evaluated by reference to the results of this special census for Census Tract 101, shown below.

CENSUS TRACT 101

Population and Dwelling Units

	1970 U.S. Census	1975 Special Census	Percent Change
Population	10,437	12,176	16.7%
Dwelling Units	11,703	13,794	17.9

Source: San Bernardino County Planning Department.

The 1975 Census indicated an average annual increase in population of 348 persons, and an average annual increase of 418 housing units in Census Tract 101. Individuals counted in the 1975 Census were considered permanent residents of the area.

The median age for residents of Census Tract 101 in 1975 was 30 years. Over 35 percent of all residents are under the age of twenty, while 23 percent are fifty or older. The largest single age category is the 10 to 19-year old group, according to the Special Census. Age distribution of the population is presented in the following tabulation.

CENSUS TRACT 101

Age Distribution of the Population April 1975 Census

Age	No. of Persons	% of Total
To 9 Years	1,857	15.3%
10-19	2,436	20.0
20-29	1,803	14.8
30-39	1,756	14.4
40-49	1,518	12.5
50-59	1,330	10.9
60-64	563	4.6
65 and Over	913	7.5
Total	12,176	100.0
Median age: 30.0		

Source: County Planning Department.

Of the 13,794 census tract residential units counted in 1975, slightly more than 30 percent were occupied at the time of the April census. While this statistic perhaps indicated that nearly 70 percent of all housing units in the District as of April 1975 were second homes or vacation retreats, the District reports a continuing year-round permanent population increase as southern California residents elect to leave the urban congestion of the valley for the District. (See "Construction Activity", "Education and Student Enrollment Growth" and "Utilities and Growth in Services" subsections of "The Economy of the District" section of this Official Statement).

A 1973 survey by Security Pacific Bank, covering an area somewhat larger than the District, indicates that over 96 percent of all housing units within its service area are single family homes. Of all housing units in this report, 30 percent have been constructed since 1965. A summary of the bank study is presented below.

LAKE ARROWHEAD AND NEIGHBORING COMMUNITIES

Service Area Profile—1973^①

Total population (includes weekend visitors)	17,158
Median school years completed	12.62
Total housing units	20,372
Single Family	19,727
Multiple Family	595
Mobile Home or Trailer	50
Owner Occupied Homes	4,221
Renter Occupied Homes	1,601
Median Home Value	\$21,339
Median Year of Home Construction ...	1957
Family Income, Average	\$12,028
Employment by Industry, Total	6,333
Wholesale and retail trade	1,321
Professional and Technical	900
Construction	647
Personal Services	566
Public Administration	452
Finance, Insurance, Real Estate	410
Manufacturing	357
Transportation	355
Other	1,325

^① Prepared by the Economic Research Department of Security Pacific Bank for its branch office located at Blue Jay.

Employment and Income

Residents of the District are employed locally and in the San Bernardino Valley. As noted elsewhere in this Official Statement, State Highways 18 and 330 provide convenient access to San Bernardino and other communities in the metropolitan area. The Rim of the World Unified School District is the largest local employer, with approximately 300 full-time employees and over 60 part-time employees. Large employers in the San Bernardino-Riverside-Ontario Metropolitan Area are identified on page 36.

The U.S. Department of Labor has prepared a manpower profile of the area served by the Lake Arrowhead Post Office, based on U.S. Census data. This profile indicated that nearly one-third of all employed persons were engaged in services, 24 percent in wholesale and retail trade, 13 percent in construction, and the remainder in government, public utilities, and manufacturing. More than 37 percent were employed in professional or managerial capacities. Over 35 percent of all households realized an annual income of \$15,000 or more. Results of the profile are summarized below.

LAKE ARROWHEAD POST OFFICE

Zip Code Area 92352

Manpower Profile

Labor Force (civilian)	749
Number employed, total	723
Professional	138
Managerial	133
Craftsmen	116
Service (except domestic)	110
Sales	90
Clerical	85
Other	51
Industrial distribution, total employment	723
Wholesale, retail trade	171
Finance, insurance, real estate	101
Construction	95
Educational services	95
Public administration	52
Other	209
Median education, persons aged 25-44 ..	13.5
Median family income	\$11,256
Median value, owner occupied housing ..	\$36,381
Median rent	\$ 153
Median age of structure, years	17.7

Source: U.S. Department of Labor, Manpower Administration based on 1970 Census Information.

Construction Activity

Construction activity in the District began with the vast development of the Lake Arrowhead area in the early 1920's. Much area land at that time was subdivided for both expensive second homes as well as small cabins.

As the living environment in the San Bernardino Valley began to reflect the growing industrialization of the Area, families began to construct permanent homes in the District (approximately 30 minutes from San Bernardino). Although this development slowed in the early and mid 1970's reflecting the lack of adequate sewerage facilities in the Crestline and Running Springs Areas, the District expects a continuing permanent population growth with the resolving of most of the sewerage problem. The District reports that developed land is available for construction in the Lake Arrowhead Area (see "Population and Housing Characteristics", and "Student Enrollment Growth" subsections of "The Economy of the District" section of this Official Statement).

Local offices of the San Bernardino County Building and Safety Department at Twin Peaks and Big Bear compile statistics on building permits for San Bernardino Mountain communities. Their compilations of building permit valuation in the District's principal communities of Crestline, Lake Arrowhead, and Running Springs are presented below. As shown in the tabulation, building permit valuation in all three areas declined in 1973 and 1974, then recovered vigorously in 1975 and subsequent periods. Since 1972, Lake Arrowhead has accounted for 62 percent of aggregate permit valuation, with Crestline and Running Springs accounting for 20 percent and 18 percent, respectively.

During the five years 1972-76, the total number of new housing units in the three communities increased at an annual average rate of 378 units. The annual rate for the first four months of 1977 (latest data available) is considerably in excess of this figure.

RIM OF THE WORLD UNIFIED

SCHOOL DISTRICT

New Residential Units 1972-1977

Year	Lake Arrowhead	Crestline①	Running Springs①	Total
1972	327	73	106	506
1973	186	43	67	296
1974	107	53	66	226
1975	234	60	66	360
1976	319	100	85	504
1977 (4 mos.)	102	33	53	188

① The Crestline and Running Springs areas were under growth restrictions due to a lack of available sewage treatment for the period 1972 through 1975.

Commercial Activity

The community of Blue Jay, located near the geographical center of the District, is the focal point of commercial activity for the area, having assumed this position during the past decade. Previously, business activity was centered at Lake Arrowhead Village.

There are approximately 50 retail and service establishments at Blue Jay, including a full-service commercial bank. Many businesses are clustered at a mini-mall shopping center.

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Building Permit Valuation 1972-77①

Year	Lake Arrowhead	Crestline	Running Springs	Total
1972	\$ 8,697,800	\$2,548,800	\$2,176,934	\$13,423,534
1973	4,850,901	1,466,794	1,178,072	7,495,767
1974	3,846,258	1,923,164	1,872,466	7,641,888
1975	9,482,080	2,768,324	2,292,114	14,542,518
1976	13,726,769	4,349,342	3,544,763	21,620,874
1977 (4 mos.)	4,493,118	1,322,200	1,701,060	7,516,378

① Includes residential and commercial.

Source: County Building and Safety Department.



Homes within the District.



Lake Arrowhead Village, a Tyrolean styled complex about 1½ miles east of Blue Jay, provides a variety of some 30 interesting shops, boutiques, and restaurants, as well as a movie theater. Other communities in the District, Crestline and Running Springs, offer additional shopping facilities, restaurants, and stores designed to meet the everyday needs of local residents.

Lake Arrowhead

Lake Arrowhead is a well-known resort area, and since the early 1920's, has attracted wealthy individuals from the Los Angeles area and elsewhere as the site for recreational homes. In recent years a substantial commuter population has developed, as persons employed throughout Southern California, and particularly the San Bernardino-Riverside area, elect to buy or build homes in the smog-free atmosphere of the District and neighboring mountain areas.

The lake is approximately two and one-fourth miles long and three-fourths of a mile wide, covers 780 acres, has a shoreline of 14 miles, and a maximum depth of 180 feet. The water is clear and clean, and conducive for water sports.

The development of Lake Arrowhead began in 1891, with the beginning of the acquisition of land and water rights for a reservoir. In 1893, the Arrowhead Reservoir Company was founded (James Gamble of Procter and Gamble, President) and the construction of the dam began.

In 1921, the Lake Arrowhead Company was formed and took over the accumulated interests of its predecessors. The purpose of this new company was to take advantage of the recreational possibilities of the area. Since this time recreation has been the guiding principle of development which can be characterized as slow but steady growth with emphasis on land use and amenities attractive to the more affluent. Since 1921, ownership has changed seven times, with each new owner adding or improving to the development of the lake.

In order to meet new state safety standards, a special district was formed by the County for the purpose of building a second dam 1,100 feet downstream from the existing Arrowhead Dam. At a November 5, 1974 special election, residents of San Bernardino County Service Area No. 70, Improvement Area No. D-1 (Lake Arrowhead Woods) authorized \$7,000,000 of general obligation bonds by a vote of more than 9 to 1 to finance the construc-

tion of this dam. The dam has since been built, and waters are now backing up to form Papoose Lake, as the new facility is called. The new dam and lake are the property of San Bernardino County.

A part of the election covenant was the transfer of the principal amenities of Lake Arrowhead—the lake, reserve strips, beach clubs, and dam—from private ownership to a non-profit homeowners' association. Accordingly, in 1976 Boise Cascade Corporation transferred ownership of the lake and agreed upon properties to the Arrowhead Lake Association.

Lake Arrowhead offers a wide variety of water sports including swimming (3 beach clubs), boating, water skiing and fishing. There is a 130-acre, 18-hole golf course with a clubhouse of 15,000 square feet, a swimming pool and other amenities. Much use of the area is also made in the winter season with ice skating facilities available locally and good skiing close by.

Papoose Lake, when filled, will cover approximately 31 acres of surface area and 4,900 feet of shoreline measured at the 5,114 foot level. The economic effects of the new dam cannot be determined as yet. New residential construction, if any, would mean an increase in population. If water sports and other recreational activities are permitted on the new lake, commercial establishments in the area will benefit.

Education and Student Enrollment Growth

Contrary to the experience of many school districts in California, District enrollment in the elementary grades has increased in recent years. Between 1970 and 1976 District elementary schools reported a combined enrollment gain of more than 37 percent, with the largest increase (44%) in the Lake Arrowhead School. Crestline schools and the elementary school at Running Springs registered increased enrollment of approximately 33 percent over the six-year span.

The intermediate grades (6-8) showed greater increases than the elementary grades during the period, but the rate of gain is expected to moderate over the next few years as these students move on into the secondary grades. Enrollment in the high school grades, which increased approximately 28 percent between 1970 and 1976, is expected to grow about 30 percent over the next five years.

Elementary school enrollment has accelerated in recent years, pointing to greater numbers of permanent residents in the District. In the four-year period 1970-73, the average annual enrollment gain in these grades was 2.3 percent. In the next three years, 1974-76, the average annual increase was 8.7 percent, with 1976 showing an increase of 9.1 percent over 1975.

The District projects a system-wide average annual enrollment gain of about 4.8 percent during the 1977-81 period. The following tabulation presents a six-year history and a five-year projection of student enrollment.

RIM OF THE WORLD UNIFIED SCHOOL DISTRICT

Student Enrollment, as of October

School Year	Elementary	Intermediate	High School	Total Enrollment
1970	1,150	588	915	2,653
1971	1,194	663	804	2,661
1972	1,222	753	898	2,873
1973	1,233	797	975	3,005
1974	1,336	820	1,056	3,212
1975	1,449	822	1,163	3,434
1976	1,581	898	1,174	3,653
Projected				
1977	1,675	927	1,286	3,888
1978	1,746	997	1,359	4,102
1979	1,831	1,008	1,426	4,265
1980	1,911	1,061	1,460	4,432
1981	1,996	1,086	1,527	4,609

Source: Rim of the World Unified School District.

If this projected growth does occur, the District will have a need for new facilities by 1980.

The District is located in the San Bernardino Community College District. Tuition-free public education beyond high school is available to District residents at the two-year San Bernardino College, located in the City of San Bernardino. Degree institutions in or near the San Bernardino-Riverside area include Loma Linda University, University of Redlands, San Bernardino State University, and the University of California at Riverside.

Utilities and Growth in Services

Utility services in the District are provided by the following:

Natural Gas: Southern California Gas Company.

Electricity: Southern California Edison Company.

Telephone: General Telephone Company and Continental Telephone Company (Running Springs area).

Water: Arrowhead Utility Company, Running Springs County Water District, Crestline-Lake Arrowhead Water Agency and Arrowhead Park Water District.

Sewer: Lake Arrowhead Sanitation District, Crestline Sanitation District, Running Springs County Water District.

In the period from January 1967 to February 1970, gas meter connections in the Lake Arrowhead area (including Twin Peaks, Blue Jay, Lake Arrowhead, Aqua Fria, Rim Forest, Skyforest, Cedar Glen, Crest Park, Deer Lodge Park, Arrowhead Villas) increased approximately 48 percent. From 1970 to 1974 gas meter connections increased 51 percent. The Southern California Gas Company has furnished updated figures for realigned service areas. This tabulation appears on page 33.

The Southern California Edison Company has provided the following data concerning existing and projected meter connections in their service area, which embraces Crestline, Lake Arrowhead, Running Springs, Arrowbear, and Green Valley Lake. This utility's predominate growth consists of residential customers.

SOUTHERN CALIFORNIA EDISON COMPANY SERVICE AREA

Number of Electric Meters

Year	No. of Meters	Increase
1976	16,296	—
1977①	16,455	159
1978①	17,061	606
1979①	17,709	648

① Forecast.

Source: Southern California Edison Company.

SOUTHERN CALIFORNIA GAS COMPANY SERVICE AREA

Number of Gas Meters^①

As of January	Lake Arrowhead	Crestline	Running Springs	Total Meters ^①	Annual Increase
1975	4,977	5,581	2,233	12,791	—
1976	5,137	5,709	2,416	13,262	463
1977	5,366	5,866	2,563	13,795	569
1978 (Estimated)				14,481	650

^① Includes butane conversions as well as new construction.

Source: Southern California Gas Company.

Primary telephone service has increased an average of over 10 percent annually in Lake Arrowhead and over 9 percent in nearby Crestline. General Telephone Company projects primary phone connections to grow approximately 9 percent per year from 4,745 connections in 1974 to a projected 6,700 connections in 1980. Long-range projections estimate 8,700 primary connections in 1985. Similar projections are not available for the Running Springs area, which is served by Continental Telephone Company.

Transportation

Primary access to the District is via State Highway 18 (Rim of the World Highway), an all-year route serving the mountain areas from the City of San Bernardino. This route traverses the southern part of the District. Service within the District from Highway 18 is provided by Route 138, Route 189 and Route 173. The latter two roads skirt the western shore and eastern shore of Lake Arrowhead, respectively. The eastern part of the District is served by State Highway 330, which runs north from the Highland section of San Bernardino and joins State Highway 18 at Running Springs.

Freeway access from the Los Angeles-Orange County metropolitan area is excellent. The basic Southern California freeway plan has placed the confluence of the San Bernardino, Foothill, Riverside and Pomona freeways at San Bernardino, where all traffic entering California from the easterly and northerly states is distributed throughout California. These freeways directly serve Lake Arrowhead from every metropolitan point in Southern California.

Air transportation is available at Ontario International Airport, about one hour's drive from the District. Ontario International Airport is the sec-

ondary airport serving the Los Angeles metropolitan area and there are frequent commuter flights to Los Angeles. The Ontario airport is projected to handle six million passengers per year by 1980. Major cities with direct non-stop service to Ontario include Denver, Dallas, Chicago, Honolulu, Las Vegas, Los Angeles (20 minutes), Milwaukee, Oakland, Philadelphia, Phoenix, Sacramento, Salt Lake City, San Diego and San Francisco.

Community Facilities and Recreation

Mountains Community Hospital at Lake Arrowhead serves the medical needs of the District. It is a 37 bed hospital with two operating rooms as well as obstetric facilities, a full laboratory and 24 hour emergency facilities. There are three local physicians and four dentists. Two consulting physicians and surgeons, a pathologist and a radiologist spend part of each week at the hospital to provide specialized services. The emergency room is operated by outside physicians from 6 P.M. to 6 A.M. and on weekends. An orthodontist schedules periodic visits to the community.

County offices at Twin Peaks include the Deputy Assessor, an office of the Building and Safety Department, County Constable, and the Sheriff's Department. State offices at Crestline house representatives of the Corrections Department, the Forestry Division, and the Transportation Department.

There are five County fire districts (Lake Arrowhead, Crest Forest, Running Springs, Arrowbear, Green Valley Lake) as well as the California Division of Forestry and the United States Forest Service which provide fire protection to area residents.

There is a branch office of the Bank of America N.T. & S.A. in Lake Arrowhead Village and Running Springs, and a branch of Security Pacific Na-

tional Bank and Fidelity Federal Savings in Blue Jay. The Bank of California operates a branch at Crestline, in the western part of the District.

The University of California conference center, located on a 40-acre site near the north shore of Lake Arrowhead serves as a convention and meeting center offering overnight accommodations, food service and recreational facilities including a swimming pool and tennis courts. The center will accommodate up to 100 guests.

Metropolitan newspapers from San Bernardino, Riverside and Los Angeles are circulated daily. There are free county libraries at Lake Arrowhead, Crestline and Running Springs. A variety of television channels can be received. An AM radio station is within close proximity to the District. An FM frequency has been assigned to the area and a station is expected to be in operation soon.

The Lake Arrowhead area offers a wide variety of both summer and winter recreational opportunities. The lake is used for swimming, boating—both power and sail—fishing, and water skiing. There are numerous private docks available on the lake as well as a launching facility. Winter storage is available at the North Shore Marina.

There are three beach clubs, the newest of which includes a recreation hall, dance floor, pool tables and a snack bar. All of the beach clubs are provided

with well-maintained swimming beaches and dressing facilities. Access is by membership, which is limited to local property owners, and is optional.

Lake Arrowhead Country Club, adjacent to Grass Valley Lake, has an 18-hole, 130-acre course, and a 15,000-square-foot country club with dining, swimming, tennis courts and related amenities. Membership to the country club is not restricted to residents. After the initial membership fee, annual membership with golfing privileges is available.

For non-property-owning visitors to the area, there are a number of motels and lodges with swimming pools. A "semi-public" beach is run by a concessionaire through whom access to the lake may be had for a daily use fee. Speed and other types of boats may be rented. For water skiing, fully equipped boats, complete with drivers, are available on a tour-of-the-lake basis or by the hour. An extensive equestrian center is located near the center of the District with both boarding facilities and rentals available. The center is adjacent to San Bernardino National Forest which provides extensive trails.

Lake Arrowhead is a very popular winter sports area. Ice skating facilities are available at a rink in Blue Jay. Snow Valley, a short distance from Lake Arrowhead, reported an average of over 88 days per year suitable for skiing during the last ten years.



Condominium within the District.

SAN BERNARDINO VALLEY

The San Bernardino-Riverside-Ontario Metropolitan Area (San Bernardino and Riverside Counties) is the fifth largest metropolitan area in California, with a January 1, 1977 population estimated at 1,284,200 by the State Department of Finance. This is an increase of 11.1 percent over the 1970 Federal Census.

The San Bernardino-Riverside-Ontario Metropolitan Area has a wide variety of industries such as steel, agriculture, electronics, tourism, military installations, government facilities, and minerals. The only integrated steel mill on the Pacific Coast is located at Fontana, about eight miles west of San Bernardino. The area accounts for 70 percent of the raw steel output in California.

The growth of the area as a manufacturing center is illustrated by the expanding aerospace-electronics industry, once closely tied to defense markets, but now increasingly committed to commercial production. Centers of industrial employment in the Valley are San Bernardino, Fontana, Ontario, Redlands, and Riverside.

Employment

Employment patterns in the San Bernardino-Riverside-Ontario Labor Market Area are reported periodically by the State Department of Employment Development. In April 1977 this labor market supported 446,000 civilian employees, including 352,000 nonagricultural wage and salary workers and 21,400 agricultural workers. Of the nonagricultural workers, over 26 percent are on government

payrolls, largely at the state and local government level. Trade, services, and manufacturing are the other leading sources of jobs, in that order. Of the nearly 53,000 workers in manufacturing, 72 percent are engaged in durable goods production. Transportation equipment and primary metals are the leading industries in this group. A summary of employment by industry throughout the metropolitan area appears below, and a list of large employers appears on the following page.

At April 1977 the seasonally adjusted unemployment rate was 8.5 percent of the labor force compared with 10.1 percent the previous April. The unadjusted rate was 8.1 percent, down from 9.7 percent the previous April.

SAN BERNARDINO-RIVERSIDE-ONTARIO LABOR MARKET

Wage and Salary Employment by Industry^①

Industry	April 1977	April 1976
Manufacturing, durables .	37,800	38,000
Manufacturing, nondurables	14,900	14,800
Mining	2,300	2,200
Construction	13,100	13,000
Transportation, utilities ..	19,400	18,800
Wholesale trade	13,600	13,700
Retail trade	70,300	68,300
Finance, real estate	13,600	13,200
Services	73,200	70,800
Federal government	14,400	14,300
State and local government	79,400	76,500
Total nonagricultural	352,000	343,600
Agriculture	21,400	20,200
Total, all industries .	373,400	363,800

^① Employment reported by place of work. Excludes self-employed and family workers and those involved in labor disputes.

Source: State Department of Employment Development.

SAN BERNARDINO-RIVERSIDE-ONTARIO METROPOLITAN AREA

Major Employers

Employer	Product/Service	No. of Employees
Manufacturing Employment:		
Alcan Aluminum Corporation	Aluminum mill products	750
Amax Aluminum Mill Products, Inc.	Aluminum sheet, tubing	1,100
Bourns, Inc.	Precision electromechanical instruments	1,600
California Portland Cement Co.	Cement	251-500
FMC Corporation	Food processing machinery	400
Freightliner Corp.	Trucks	501-1,000
General Electric Co.	Appliances	1,000
General Electric Co.	Aviation services	251-500
Hanford Foundry Co.	Steel castings	300
Hooker Industries, Inc.	Exhaust systems	251-500
Kaiser Steel Corporation	Steel and iron	8,000
Kaiser Steel Fabricating Division	Steel plate/pressure vessels	500
Kaiser Cement & Gypsum Corp.	Cement, limestone	251-500
Kerr-McGee Chemical Corp.	Minerals	501-1,000
Lily-Tulip Division, Owens-Illinois	Paper cups and containers	450
Lockheed Aircraft Service Co.	Aircraft products	1,000
Matich Bros.	Asphalt	250-500
Muskin Corp., sub. of American Cement	Recreational vehicles	250-500
Press-Enterprise Co.	Publisher	585
Rohr Industries	Aerospace components	1,500
Southwestern Portland Cement Co.	Cement	251-500
Sun Company, The	Printing and publishing	400
Sunkist Growers, Inc.	Citrus by-products	501-1,000
Superior Draperies	Draperies	250-500
Non-Manufacturing Employment:		
Central City Mall	Regional shopping center	3,000
General Telephone Company	Communications	350
Inland Center Mall	Regional shopping center	2,500
Kasler Corp.	Highway construction	250-500
Loma Linda University & Hospital	University and hospital	2,900
March Air Force Base	Defense	1,300
Norton Air Force Base	Defense	11,000
San Bernardino County	County administration	2,800
San Bernardino School System	Unified school system	2,700
San Bernardino State College	State college	400
San Bernardino Valley College	Community college	700
Santa Fe Railroad	Transportation	3,000
Southern Pacific Railroad	Transportation	800
Southern California Edison	Electrical—utility	600
Southern California Gas Co.	Gas—utility	250
TRW Systems Group	Research/program management	750
University of California, Riverside	Education	2,500

Sources: San Bernardino Economic Development Department and Riverside County Department of Development.

Construction Activity

After a low point in 1974, building permit valuation in San Bernardino County increased by over 57 percent the following year. In 1976, the annual gain exceeded 65 percent, to a level of \$515,552,000 for the year.

As reflected in the tabulation below, single family residential valuation accounted for the bulk of building permit valuation in 1976, with permits for over 10,000 new homes. This trend continued in 1977, accompanied by increased activity in multi-family construction in the January-June period.

SAN BERNARDINO COUNTY

Building Permit Valuation

(\$000 omitted)

Year	1972	1973	1974	1975	1976	1977 (6 Mos.)
Residential:						
New single family	\$114,253	\$112,789	\$ 91,903	\$185,659	\$382,444	\$339,366
New multi-family	42,767	26,568	10,009	8,207	7,888	10,729
Additions, alterations	12,993	13,922	17,537	23,201	28,511	18,530
Non-residential:						
New commercial	22,347	29,342	27,449	17,669	39,681	23,583
New industrial	9,855	11,644	10,394	38,472	14,655	15,655
Alterations, additions	8,332	7,459	6,881	7,031	9,244	4,923
Other	33,457	42,010	33,295	30,833	33,129	23,286
Total valuation	\$244,004	\$243,734	\$197,468	\$311,072	\$515,552	\$436,072
No. of new dwelling units:						
Single family	5,989	5,190	3,473	5,192	10,008	8,315
Multi-family	3,931	1,962	634	494	472	601
Total units	9,920	7,152	4,107	5,686	10,480	8,916

Source: "California Construction Trends," Security Pacific Bank.

Taxable Sales

Taxable sales in San Bernardino County exceeded \$2.3 billion in 1976, an increase of 18½ percent

over total taxable sales in 1975. The accompanying tabulation presents a summary of total taxable transactions in the county since 1971.

SAN BERNARDINO COUNTY

Taxable Transactions 1971-76

(\$000 omitted)

	Retail Stores	Business & Personal Services	Other Outlets	All Outlets①
1971	\$ 952,381	\$43,711	\$262,571	\$1,258,663
1972②	1,115,231	48,395	309,352	1,472,978
1973	1,279,608	57,290	349,525	1,686,423
1974	1,354,669	60,928	408,244	1,823,841
1975	1,471,122	66,400	439,651	1,977,173
1976	1,726,263	75,388	541,685	2,343,336

① Excluded are sales of food for home consumption, prescription medicines and certain other nontaxable items.

② Sales of gasoline for highway use became taxable July 1, 1972.

Source: State Board of Equalization.

Agriculture

Extending about 40 miles in an east-west direction, the fertile San Bernardino Valley is a major agricultural area. It forms a part of the citrus belt of Southern California, and is a leading dairy producing area in the nation. Gross value of farm products in San Bernardino County exceeded \$343 million in 1976, highest value on record for the county. There were 19 commodities with a valuation in ex-

cess of one million dollars, headed by milk and eggs. Together, these two products accounted for over 74 percent of the total gross value of farm production in San Bernardino County in 1976.

The tabulation below presents county agricultural production values by individual years since 1973. A list of the million-dollar crops in 1976, reported by the County Agricultural Commissioner, accompanies the tabulation.

SAN BERNARDINO COUNTY

Gross Value of Farm Production

	1973	1974	1975	1976
Fruit and nuts	\$ 31,978,100	\$ 20,596,500	\$ 16,690,800	\$ 18,539,900
Vegetables	2,829,000	3,454,500	3,693,600	4,189,900
Field crops	9,074,000	12,065,100	13,823,000	16,075,200
Seed crops	101,600	96,900	92,100	301,000
Nursery prod., cut flowers	3,551,200	4,462,700	4,751,800	5,681,100
Apiary products	1,302,200	1,174,000	924,200	536,500
Livestock and poultry	41,786,000	37,832,400	41,958,000	40,533,600
Animal products	172,828,000	211,757,500	226,014,500	256,301,600
Agriculture, worms	—	—	—	1,107,000
Total Value	\$263,450,100	\$291,439,600	\$307,948,000	\$343,265,800

Other agricultural areas in the western states have been experiencing crop losses due to drought conditions. However, according to the County Agricul-

tural Commissioner, no serious crop damage nor substantial reduction in yield is expected in San Bernardino County.

SAN BERNARDINO COUNTY

Million Dollar Crops 1976

1. Milk	\$190,040,000	11. Lemons	\$3,641,000
2. Eggs	65,590,000	12. Grapes	1,801,000
3. Cattle and Calves	18,241,000	13. Apples	1,783,000
4. Alfalfa Hay	8,948,000	14. Grain Hay	1,588,000
5. Turkeys	8,457,000	15. Grapefruit	1,588,000
6. Nursery Products	5,681,100	16. Pasture—Permanent	1,328,000
7. Chicken Fryers	5,599,000	17. Hogs and Pigs	1,104,000
8. Navel Oranges	4,986,000	18. Baby Chicks	1,059,000
9. Valencia Oranges	4,069,000	19. Sudan Grass	1,051,000
10. Pullets	3,690,000		

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